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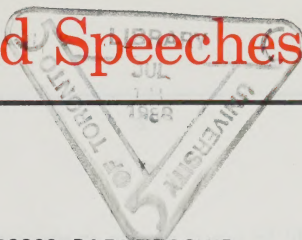
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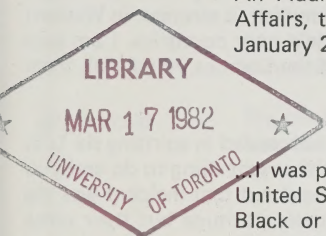
Statements and Speeches

No. 82/1



CANADA AND THE UNITED STATES IN THE 1980S: PARTNERSHIP, CONFLICT OR ...?

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the University of Southern California Colloquium on Canada, Los Angeles, January 28, 1982



I was puzzled at first when I read the theme of this colloquium, "Canada and the United States in the 1980s: Partnership, Conflict or ...?". Partnership or conflict. Black or white. With us or against us. I am afraid that international life in the last years of the twentieth century promises to be much more complex, even among the closest of neighbours and allies, than the theme of this colloquium suggests. We are undoubtedly going to have partnership and conflict. Nevertheless, in these complex times, I do have a simple message.

Best friend

I want to make three points. First, we are the best friend the United States has. Second, we are the most important business partner you have. Third, Canada is not a replica of the United States and won't always do the same things in the same way as you do.

Some of you will hold all three of these propositions to be self-evident. Some others among you may doubt all three. Some will not have thought about Canada in these terms before. Nonetheless, this message is true and it bears repeating because these are dangerous times.

East and West are armed as never before.

Events in Poland confirm the lesson of Communism: it does not free man's spirit nor satisfy his daily needs but rather concentrates the power of the state and represses dissent.

In the West, some Europeans, mindful of their past and fearful of the future, are tempted to try to opt out of this nuclear age.

Everywhere, the fabric of morality is frayed — violence claims innocent victims in Tehran, El Salvador, Argentina, and in our own streets. Anwar Sadat is murdered, the Pope is attacked, President Reagan is the target of an assassin's bullet.

There is widespread dissatisfaction in the poor countries of the world — with their poverty, with their backwardness, with political and economic systems which preserve privilege, indignity and inhumanity.

Economic uncertainty matches political turbulence. Everywhere, protectionist tendencies abound; economic progress comes haltingly; the old solutions have become part of the problem. New solutions are as elusive as ever.

In the United States, old isolationist instincts stir.

These are indeed difficult times but these are not the worst of times. Soviet Communism is not immutable. The desire for freedom burns as surely now in Eastern Europe as it ever has. If anything, the distaste for Communism is stronger in Western Europe than ever before. Change will come to the world's poor countries. I am sure that the American people will embrace the challenges of the Eighties, not shrink from them. And America will not be alone.

Two years ago almost to the day, our embassy in Iran succeeded in spiriting six U.S. embassy employees out of that unhappy country. It was the right thing to do and you would have done the same for us. What I found surprising about that incident was the strength of the reaction of the American people. Not their gratitude but their sense of isolation. The people of the United States felt alone.

**Collective
resolve**

You are not alone. On the fundamental security issues, the democracies do stand together. We may quarrel among ourselves. Our analyses may diverge. And even where they coincide our prescriptions may sometimes differ. Whether to impose sanctions on the Soviet Union or not is an example. But tolerance of dissent is the essence of freedom. It is freedom that separates the West from the East, that ennobles us and makes our way of life superior. It is the Soviets who expect unanimity from their reluctant partners. Unanimity amongst ourselves is not necessary, and in a sense is not even desirable. What is necessary is a collective resolve to defend our freedom. I can assure you that this resolve endures.

You are not alone. Our own two countries have not fired shots in anger at each other in more than a century. We have fought together in the defence of our ideals and values in two world wars. We were together in Korea. The defence of North America is our common responsibility. Your border with us is secure.

**Top trading
partner**

The second point I wish to make is that we are also your most important business partner. Two-way trade between our two countries is enormous — your trade with us is double your trade with Japan, triple your trade with Mexico and almost as large as your trade with all ten countries of the European Economic Community combined.

Canada is a close second to Japan as California's principal trading partner. California's exports to Canada were worth about \$3.1 billion last year. Forty-thousand jobs in the Los Angeles area depend entirely on trade with Canada. Another 100,000 jobs are dependent on that trade to some degree. When lobbyists try to persuade you about the fairness of "Buy America", or about the logic of reciprocity, remember that Canada has run current account deficits with the United States every year since the Second World War.

Americans have more money invested in Canada, more than \$70 billion in direct and portfolio investment, than anywhere else in the world. Canadians have more money invested in the United States, more than \$13 billion, than anywhere else. Canadian investors are literally changing the face of urban America.

Canada and the United States grew out of the freedom to choose a way of life. For hundreds of years, men and women have chosen to come to our two countries. The many thousands of Poles who are migrating to Canada and the United States now are testimony to the hold our freedom still has on people's imaginations everywhere. Out of these recurring waves of humanity have grown two diverse societies with similar ideals and hopes — democracy, human rights, freedom. Our values have grown in a common ethical landscape.

Differences

We clearly have much in common. We are not, however, identical. The United States was born in revolution. You have emphasized the melting pot and have given a vast new culture to the world. You have become truly a super-power.

Canada is smaller [in population] and younger. We have been independent for only 114 years. We have evolved gradually and the last steps of nation-building are only now being taken. We have striven to preserve our diversity. Thirty per cent of Canadians speak French as their mother tongue and our new Constitution will safeguard this duality.

More than 200 years ago your path and ours diverged, although our goals remained much the same. The parting of the ways led to different political institutions and even a different attitude towards government.

Canadians, unlike their American counterparts, expect their governments to participate in national economic life, to help knit together and develop a huge, under-populated and geographically unforgiving land. So Canadians have no objection in principle to government intervention. They are comfortable with government-owned television and radio networks, national airlines, the Canadian National Railway family of companies, Petro-Canada and a host of other government undertakings.

But neither is government intervention a principle. It is a pragmatic Canadian response to a particular set of circumstances, and by no means reflects any philosophical discomfort with the role of private enterprise. The private sector has been and will remain the driving force behind Canada's economic development. We feel strongly, as do you, that a free society is not possible without a free economy.

The structure of our two economies is very different. Canada's economy is a tenth the size of yours, and is more heavily dependent on primary resource industries. Our manufacturing base is narrower. Although in many respects Canadian and U.S. economic interests are parallel, in some important specific ways they diverge. In the past 20 years, the public debate in Canada on the degree to which such a divergence was desirable or possible has centred on the question of foreign ownership.

Canada is coming of age. Just as you were when you were at our stage of development, Canadians are not satisfied with having so many economic command centres outside the country. A certain core of national economic independence is necessary even in this interdependent world.

While Canadians readily acknowledge the benefits which foreign investment has

brought them, they are aware that there are very significant costs as well.

Costs of foreign investment

You are probably asking yourselves, "What costs? What does it matter where the money comes from?" Canadians accept that capital has no flag, but they see that the corporations spending it have national identities and are integral parts of the political process in their home countries. I could not help noticing, for example, that U.S. multinationals took their complaints about our National Energy Program to Washington far more so than they did to Ottawa. I think even the term "multi-national" is misleading. Sometimes I think it would be more accurate to call these firms multi-based enterprises.

Let me be more specific about some of the costs. The operations of many foreign-controlled subsidiaries are characterized by restrictions on decision-making power, low levels of research and development, limitations on their ability to export, a propensity to import even when competitive domestic sources are available, and short, inefficient production runs in some industries. A foreign take-over of an already existing industry can lead to less rather than more competition. And so on.

In 1974, after a decade of study, the government established a Foreign Investment Review Agency (FIRA) whose task is to screen foreign investment for "significant benefit" to Canada. I would add parenthetically that this response is not unique. All governments, including the U.S. government, limit the freedom of foreigners to invest in their countries in one way or another.

High approval rate on U.S. applications

You will notice that for FIRA I used the word "screen" foreign investment, not block it. As of August 1981, after seven years of FIRA the approval rate for applications by American investors was 90.5 per cent. These are hardly grounds for suggesting that American investors have been subjected to harsh treatment.

We have heard the complaints businessmen have made about FIRA and we are reviewing the Agency's procedures to ensure that they are timely and efficient. We shall reform FIRA but we shall not abolish it. It remains an essential instrument of Canadian economic policy. Even now, foreign ownership figures in Canada are at a level which I am sure you will agree would simply not be tolerated in the U.S. For example, according to latest available figures (1978), foreign investment in the United States accounted for 5 per cent of the mining sector and 3 per cent of the manufacturing sector. The comparable Canadian levels are 40 per cent and 48 per cent. The contrast is stark. You will all recall the recent furor here in the United States over foreign ownership of farmland — and foreigners own less than 1 per cent of that land. Not to speak of the commotion caused by Seagram's attempted take-over of CONOCO and St. Joe Minerals last year.

The opportunities ahead in Canada are enormous. From now until the year 2000, \$440 billion will be invested in megaprojects in Canada. Most of that capital will be mobilized in Canada. But we shall still need substantial amounts of capital from abroad. Foreign companies and individuals will continue to do business profitably in Canada. No less a firm than Price Waterhouse has said "...there are still relatively few restrictions in Canada if the country is compared to other industrial countries".

And by comparison with other countries, I can think of no more secure place to invest money than Canada.

Energy policy explained

Let me now turn to the vexed question of energy. In the energy field, the cause of much recent anxiety has been Canada's National Energy Program (NEP). One aspect of the NEP which has been much misunderstood is "Canadianization". The "Canadianization" objective is really very simple: it is to increase the share of the oil and gas industry owned and controlled by Canadians — to 50 per cent of the industry a decade from now. The emphasis is on making room for Canadian oil and gas companies, not on forcing foreign companies out. There is no question that we do intend to give Canadian companies the opportunity to grow more quickly. What we do not intend to do, and will not do, is make the operations of large international oil firms unprofitable. In fact we know of no investment regime in any other major producing country which is as attractive as ours — including the United States!

In Canada, we are dealing with an extraordinary situation. Throughout the 1950s and 1960s, foreigners owned nearly 80 per cent and controlled over 90 per cent of Canadian oil and gas assets. They also controlled nearly 100 per cent of refining and marketing operations. Resource-rich Canada was not "home" to a single multinational oil company, not even a small one.

Before the NEP, an unintended by-product of government policies was increased foreign ownership. New windfall profits from huge increases in oil and gas prices favoured the firms with the largest production. The pre-NEP policy framework virtually guaranteed that the big, mostly foreign-owned, firms would get bigger. By 1980, almost a third of all the non-financial sector profits in Canada went to the foreign-owned and -controlled oil and gas industry.

No other developed country faced this predicament. No other country, the U.S. included, would tolerate it. Without changes, enormous power and influence in Canada would have been destined to fall into a few foreign hands. We saw that we had to act and act promptly.

Changes can be advantageous

I want to dispel any impression that the NEP has suddenly made the role of foreign firms in the Canadian hydrocarbon industry uncertain and unpredictable. The rules of the game have, indeed, changed because the situation has changed. In fact, the oil and gas industry everywhere has been transformed since the early Seventies. But the changed rules in Canada are clear. They can be ignored to the detriment of future balance sheets. Or they can be used advantageously by foreign companies who are sensitive to the Canadian environment.

Many foreign-owned companies are quietly rearranging their affairs in Canada to take advantage of the NEP. According to the U.S. Department of Commerce, affiliates of U.S. oil companies plan to increase their investment in Canada this year by 32 per cent. That figure makes one wonder what all the fuss is about.

Canadian energy and investment policies command broad national support. We are prepared to discuss the international effects of these policies and to try to deal with

them in a way which safeguards the legitimate interests of our economic partners. We have amended certain provisions of the NEP, for example, and, as I said before, we are reviewing the administration of FIRA to make it more efficient. We are not prepared, however, to negotiate the direction of these policies. They are in the mainstream of a larger, wider current of Canadian economic and political history.

Let me be clear about this. Canadian policies in investment and energy are not the product of short-term political expediency. The genesis of these policies can be traced back through at least two decades of intensive national debate. No Canadian government would be willing or able to resist the historical momentum of our country's growing determination to make its own way in the world.

After an exhaustive constitutional debate we Canadians are united as never before. We are excited by our country's economic development prospects, which are truly breathtaking. We have emerged dynamic and self-confident from a fractious period in our history. The United States has an enormous stake in a strong, united Canada. Canadians will prosper and American business will continue to find co-operation with us profitable. More importantly, when the chips are down the United States will continue to find Canada a reliable ally.

We have been the best of neighbours for more than a century. We are each other's most important economic partner. We have much in common but our interests are not identical. To return to the theme of this colloquium, we are going to have partnership and, inevitably, some conflict too. But, so long as we both remember that our most basic common interests transcend our temporary differences I am confident that relations between our two countries will continue to set the standard for civilized international behaviour.

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No. 82/3

VIOLATION OF HUMAN RIGHTS IN POLAND

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the Fifth Session of the Madrid Follow-up Meeting of the Conference on Security and Co-operation in Europe (CSCE), Madrid, Spain, February 9, 1982



I last spoke before this meeting at its opening session on November 12, 1980. At that time I indicated that the world was a better place for the conclusion of the Helsinki Final Act in 1975. Among other achievements it has resulted, as I said then, in a "recognition that, with all due respect for national sovereignty, no state is an island unto itself, able to conduct its affairs, either internal or external in complete disregard of its neighbours". When our heads of state and government signed the Final Act, we took upon ourselves certain commitments of the highest political and moral order with respect to principles which should guide relations between states. These are contractual obligations which we made with one another. When these obligations are not observed, it is the right, and indeed the duty, of participating states to draw attention to the violations. In so doing, the question of intervention in internal affairs of other participating states simply does not arise.

Afghanistan

It was our unhappy duty during the review of implementation to draw attention to the Soviet Union's intervention in Afghanistan, which directly challenged the principles of sovereign equality, of refraining from the threat or use of force, of the inviolability of frontiers (to which the Soviet Union claims to be much attached), of the territorial integrity of states, of non-intervention in internal affairs and of equal rights and self-determination of peoples, and also challenged the injunction to conduct our relations with all other states in the spirit of the principles contained in the Final Act. The principles are still being called seriously into question by the continuing Soviet armed presence in Afghanistan. This must inevitably have a profoundly negative effect on *détente* and harm the prospects for a meaningful dialogue between East and West on those issues which divide us.

In reviewing our respective implementation of the provisions of the Final Act, it was also my unhappy duty, and that of my delegation, to draw attention to the manifold violations of human rights which have taken place in the Soviet Union and in certain other participating states. In particular, my country is distressed by the continuing suppression of members of the Helsinki monitoring groups, by state-supported anti-Semitism, by the denial in some participating states of the fundamental human right to leave one's country and harassment for attempting to do so, and by the persistent denial of fundamental religious freedoms.

Review of implementation is an integral part of our CSCE process. It is not only required by the obligations our countries freely undertook on an August day in Finland in 1975. It is indeed the very foundation for the validity of the CSCE process. What is the sense of drawing up new agreements when old ones are not kept? It is to build on shifting sands.

I cannot say that my government was overly sanguine when the results were in from our initial review of implementation at this Madrid meeting. But as an act of faith, if you will, and appreciating the importance of revitalizing *détente*, we were prepared to proceed, to try to reach agreements which would develop further the Helsinki Final Act and contribute to the strengthening of security and co-operation in Europe.

**Agreement
sought**

Fifteen months of the most difficult, arduous negotiations are now behind us. We have worked assiduously with others to achieve a precisely defined mandate for a conference on disarmament in Europe. We have tried to reach agreement on provisions which would afford protection for Helsinki monitors, and for the basic right of citizens of our respective countries to know and act upon their rights. As is well known, my delegation has sought the agreement of others to hold an experts meeting which might bring us closer together in our understanding of human rights and fundamental freedoms and thus help to remove a serious impediment to better relations between East and West.

After 15 months, we can say that we have made some very modest advances. Agreement on the important issues has eluded us, although the draft final document which has been tabled by eight participating states might yet serve as a basis for negotiating the balanced and constructive results we must have. But now events have come to pass which point up how woefully inadequate our efforts have been and suggest that when we again turn to the business of negotiation, stronger provisions, particularly on human rights, will be required.

Polish situation

A new situation has arisen, which is clearly eroding the prospects for the strengthening of security and co-operation in Europe. The imposition of martial law in Poland on December 13, 1981, and the regulations made under it have, as the Prime Minister of my country stated on December 30, further defaced the already battered vision of a European order based on respect for the obligations assumed voluntarily by governments under the Final Act of Helsinki. The situation in Poland calls into particular question the commitment of Polish authorities to the principle governing respect for human rights and fundamental freedoms, and to that of equal rights and self-determination of peoples. Although, as I said in November 1980, human rights are open to varying interpretations, the Final Act does require agreement on certain concepts and on the inherent dignity of the human person.

As signatories to the Helsinki Final Act we agreed, pursuant to Principle VII, to "respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, for all without distinction as to race, sex, language or religion". We also agreed to "promote and encourage the effective exercise of civil, political, economic, social, cultural and other rights and freedoms all of which derive from the inherent dignity of the human person and are essential for his free and full development".

**Helsinki com-
mitment
forgotten**

The commitment of the Polish government to fulfil its obligations under Principle VII has clearly been abandoned in the events which have transpired in Poland since December 13, 1981. Thousands of people have been interned, simply for having been active in an organization duly recognized by the Polish courts. They have been

charged with no criminal offences. They are simply being held, being allowed minimal contacts with their families and friends, at the pleasure of the government. While it is true that some have been released, those that have been set free have, in most cases, paid a price for their liberty. They have had to sign statements, which in many cases involve renouncing their membership in what is still a legally-recognized institution, even if its activities have been suspended under the terms of the martial law decrees. It is not only those who have been interned who are being forced to sign such statements, however; thousands of ordinary Polish citizens, under the threat of losing their jobs, are being similarly coerced, as the tentacles of the verification process spread their way through the entire fabric of Polish society. These people are not being permitted to exercise their free will, nor the freedoms of thought and conscience which their country's signature of the Helsinki Final Act ought to have assured them. We have, in fact, a situation in which the governing authorities of a country which has advocated "the right to life in peace" has interned its own people in an extended "state of war".

Principle VIII of the Helsinki Final Act states that the participating states will respect the equal rights of peoples and their right to self-determination, acting at all times in conformity with the purposes and principles of the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of states. By virtue of this principle, all people always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development.

At the time of the imposition of martial law in Poland, nearly ten million of the country's work force of some 14 million belonged to "Solidarity". They were supported in their efforts to improve the economic and social conditions prevailing in Poland by their families and friends, by the million-strong membership of Rural Solidarity and by millions of sympathizers and admirers around the world. Their valiant efforts to exercise their right to self-determination gave us all hope in the power of the individual to take his life in his own hands, to join together with other like-minded individuals, and together to build a better future. These hopes were quashed on December 13, 1981. The present Polish authorities have not, despite all their efforts, been able to explain to our satisfaction why they acted as they did, where the threat of civil war and anarchy came from.

Other restrictions

I also wish to denounce other restrictions imposed following the declaration of martial law. Prior to December 13, the Polish government had undertaken a number of measures, specifically a liberalization of passport regulations which enabled more Polish citizens to travel abroad, many for the first time. We commended these steps on the part of the Polish government which clearly facilitated the freer movements and contacts, individually and collectively agreed to in the Human Contacts section of the Helsinki Final Act. This encouraging development was effectively guillotined on December 13, and now even private travel to Poland is virtually impossible. Family meetings, except in cases of grave illness or death, have been virtually halted.

As signatories to the Helsinki Final Act, we agreed to facilitate the freer and wider dissemination of information of all kinds. With the imposition of martial law, the jamming of certain radio stations broadcasting into Poland began, some of it from another country. This action directly contravenes the obligations undertaken by Poland in the Third Basket of the Final Act, and is therefore entirely unacceptable.

Canada has stated on numerous occasions that Poland must be left to resolve its political and social difficulties without outside intervention. We believe firmly that only the Poles themselves have the right to determine their national destiny — but it must be all Poles, not just a small ruling class.

In his statement on December 30, 1981, the Prime Minister of Canada called for national reconciliation in Poland. As he put it, "Now is the time to begin the movement towards compromise and renewal. Military rule cannot be a permanent answer in Poland or in any other country. Armies may command the streets, but they cannot command the confidence of the people; that can only be earned through actions which engender political assent. The earnest desire of the Canadian government is that the spirit of reform will be allowed to revive among all those forces in the society that can contribute to a peaceful and constructive solution of Poland's problems."

But time is moving on and patience wears thin. I therefore call for an immediate amelioration of the situation which, in addition to a genuine and visible movement towards reconciliation, would include the lifting of martial law and the release of those now held in detention. Early movement in regard to these considerations will create an environment in which the interest of all of us will be to help Poland to overcome the grave problems which it faces, resume its obligations as a signatory of the Helsinki Final Act, and take its proper place in the concept of Europe.

U.S.S.R. action rejected

The Soviet Union evidently considers that it has the privilege of playing a role in influencing the internal affairs of Poland and other states of Eastern Europe. We reject this position. The political configuration of Eastern Europe is not immutable. The Final Act held out the prospect of peaceful change, and of the development of a constructive understanding in East-West relations. The U.S.S.R. has no right to interfere in the national political and social development of any country. Such action is contrary to the spirit of the Final Act.

The Soviet Union denies it has played a direct role in events in Poland but we see otherwise. The Soviet Union cannot deny that twice in the last year, in an obvious effort to intimidate its neighbour, Soviet forces held unusually large exercises close to the Polish border. The political message was obvious to all. The Soviet Union cannot deny that for months prior to the imposition of martial law, the government-controlled Soviet media undertook a strident propaganda campaign designed to create national antipathy towards the Polish people and to intimidate their efforts to reconstruct their social system.

The Soviet Union must cease its interference. The events in Poland were counselled, induced and abetted by Soviet actions. The threat of direct intervention remains. I call on the Soviet Union to honour its international commitments and allow the Polish people their inalienable right to pursue a policy of national renewal and reconstruction without threat or menace.

In summary, I believe we now find ourselves confronted with a situation which, if the CSCE process is to retain its credibility, cannot be ignored. Failure to face this situation squarely will do yet further damage both to *détente* and the CSCE process in which we have all placed so much hope for the future.

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THE CHALLENGE TO CANADA AND THE UNITED STATES

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Los Angeles World Affairs Council, Los Angeles, January 29, 1982

It has already become a cliché to speak of the turbulent or troubled Eighties, of a decade of crisis, of a time when the only constant will be change, but like most clichés it does contain a large measure of truth. The world has seemed to careen from crisis to crisis — Afghanistan, Iran, and now Poland. If *The Wall Street Journal* is to be believed, even relations, between Canada and the United States have seriously deteriorated. No one wants to repeat history. If we are all to arrive at the next decade safe and sound, we shall have to understand the issues which underlie this turbulence. Understanding the causes of change is the first step in meeting the challenges ahead.

Change not
always for
progress

We, Canadians and Americans, living at the frontiers of the modern technological age accept change, even rapid change, as the normal state of affairs. Steeped in the idealism of our own dynamic, successful societies we embrace change with optimism and impatience. But events in Eastern Europe have forcefully reminded us again, that change does not necessarily come quickly in the world, nor does it always mean progress. Just as the Prague spring gave way to a winter of repression, so have the Poles now tested the limits of reform only to see them contract.

Canada, in concert with the U.S. and our other North Atlantic Treaty Organization (NATO) allies, has condemned the repression in Poland. We have called for the lifting of martial law, the freeing of detainees and the restoration of the dialogue between the government, Solidarity and the Church. On December 30, the Prime Minister of Canada called for the beginning of a process of national reconciliation in Poland. We have seen since, however, that the Polish authorities seem determined to maintain the essentials of the martial law regime. General Jaruzelski's speech on January 25 left us with no illusions on that score. For the present, therefore, we are obliged to treat the situation in Poland as one more likely to deteriorate than to improve. While we should not take the view that there is no hope for a return to a more civilized regime in Poland, I must admit that there is little present evidence on which to base such hope. The Western countries will have to draw the necessary conclusions from this state of affairs — and indeed, they are doing so.

With the eventual accession to power of a new generation of Soviet leaders, change will come to the Soviet Union too. Will they see the world in terms of defending the gains already made, or might they prosecute the expansionist dreams of Lenin? How will the Russians, the Armenians, the Uzbeks share power inside the U.S.S.R.? Are relations between the Soviets and their satellites immutable? What is certain is that the challenge to the West is probably as great as it has been since the creation of NATO. The Soviet Union has steadily strengthened its military forces. It has achieved nuclear parity. It has the ability to project its power world-wide and is meddling directly or through surrogate forces in the Third World.

The NATO alliance must continue to be a credible deterrent to Soviet expansionism. We must reckon with Soviet power and not negotiate with the Soviet Union from a position of weakness. Yet nothing appears to threaten a rift among the peoples of the alliance as much as our recent collective decision to position American intermediate-range cruise and ballistic missiles in Europe, a decision taken, it should be remembered, in response to a European demand and designed to counter an existing Soviet threat. Yet Western Europe has seldom before seen such large demonstrations against nuclear arms.

The European's fear of war runs very deep. They are determined to learn the lesson of their own bloody history and not to repeat it. But the lesson is not so clear as it once seemed. Some Western Europeans are uncomfortable with U.S. leadership but at the same time they do not have the capability of ensuring their own defence. They, in particular, also have a great deal at stake in their economic relationship with Eastern Europe. In these circumstances, it can be tempting to try to opt out of the East-West contest altogether. But that contest is for the preservation of Western values of liberty and democracy. Opting out would neither protect those values nor guarantee safety nor even ensure prosperity over the longer term. The discovery of a nuclear-armed Soviet submarine in neutral Sweden's waters has given thoughtful Europeans, at least, reason to pause and reflect.

There are stresses today within the alliance. There are also pressures from outside it. There continue to be challenges — and Poland is only the latest — to our collective commitment to the defence of our fundamental human values.

**Defence of
freedom
essential**

These difficulties are not new. We shall surmount them today, as we have in the past, through the recognition that there is an overriding commonality of values and interests which binds us together. Solidarity within the alliance is of vital importance today. But it does not require unanimity in perception or in action. Our national interests are not identical. National governments will not respond in precisely the same manner to events which affect them differently. The essential issue is whether, in the end, the necessary resolve remains to defend our freedom. That resolve is the cement of our alliance and I am fully confident that it does, and will, endure.

The challenge in West-West relations, if I may call them that, is to restore confidence in the soundness of our alliance. This means doing a better job of addressing ourselves to the fears of our publics. It means persuading them that unilateral disarmament would increase rather than reduce the risk of war. It also means convincing them of the basic common sense of their own governments. That is why NATO's readiness to negotiate real and meaningful arms reductions, including deep cuts in tactical and strategic nuclear weapons, is so important.

Where will China fit in the geopolitical equation of the Eighties? In the Fifties we used to think of the Communist world as monolithic and East-West relations as almost Manichaean. China forced us to revise that calculation. During the last decade its leaders have greatly increased and diversified their experience in world affairs. They will be taking a cautious but critical look at the balance of advantages and disadvantages in their foreign links. But China cannot be taken for granted. The

challenge for us will be to devise policies which do not reverse its growing contacts with the West.

And what can Iran, for example, tell us about the challenges ahead? Here was a country that gave every appearance of making giant strides into the twentieth century, and which, as a large oil producer, was more than capable of paying its own way, unlike so many other countries in the Third World. We know today how deceptive much of that picture was. Development, particularly rapid development which does not respect centuries of tradition, no matter how benighted and unprogressive we Westerners may think elements of that tradition are, is likely to lead to social upheaval.

Another lesson we ought to draw from Iran is that we ignore or tolerate gross violations of human rights in other countries at our own peril. While the current government's record is abysmal, the Shah's regime's performance was also poor. I know full well that foreign policy is ultimately based on hard-headed calculations of national interest and that we must make our way in the real world. Relations with a country are not cut off immediately it falls short of observing, to the letter, the Universal Declaration on Human Rights. But at some point the violation of human rights abroad has to become part of our calculations. It is after all the West which stands for human rights and freedom.

Central America graphically illustrates one of the most difficult challenges of all facing the Western democracies — how to accommodate ourselves to social and economic change in the Third World. We simply cannot afford to see every Third World conflict through an East-West prism and, as a consequence, to align ourselves with the forces of reaction, privilege and inhumanity. This would be inconsistent with our own values and ultimately certain to fail. But we equally cannot ignore Communist intervention.

Support of non-alignment

How do we deal with Soviet behaviour in the Third World? I don't see any easy answer to this dilemma. I am sure, however, that the solution lies in the direction of immunizing the poor countries of the world from East-West rivalries. That was the original aim of the non-aligned movement of Nehru and Tito. At the Ottawa Summit the seven major industrial countries reaffirmed their support for genuine non-alignment.

The Soviet Union has probably never appealed less to the countries of the Third World as a model for development. Their perception of this situation has only been reinforced by Afghanistan and now, Poland. It is to the West that the South is looking for help. The problems are monumental and threaten our own peace and prosperity in this interdependent world. For reasons of decency alone — our Western values — we must facilitate the economic development of the South. But even if we were not moved by a sense of morality, then common sense and our own economic and political self-interest should tell us that we must act. The growing linkages between North and South mean that no industrialized country can hope to isolate itself from the turbulence of economic and social change. It is because of considerations such as these that Canada continues to lend strong support to the concept of global negotiations.

Need for trade

If, in addition, change is to be progressive, not regressive, then international institutions, for example, will have to take greater account of developing countries' specific difficulties: access to international capital markets, greater security in commodity prices, access to technological skills and to markets for manufactured products. The primary need of those countries with growing export potential is, as the slogan says, "trade, not aid". The role of private enterprise will have to be acknowledged and encouraged by recipient and donor countries alike.

Official aid is also going to be essential, especially for the poorest countries, for a long time to come. These countries will benefit least from the new technologies and from the evolution of international institutions and of the trade and payments system. Quite simply, their economies are so rudimentary that progress for them can only come very slowly.

I see my own country's aid programs continuing to focus on the poorest countries. We shall increasingly concentrate on what we do best — agriculture, energy and the development of human resources. In these three sectors Canadian capacity and the poor countries' needs best coincide.

We must all strive to increase the amount of the aid we give. Canada is committed to donating .5 per cent of its gross national product as aid by 1985 and will endeavour to go even beyond to .7 per cent by the end of the decade. We have recently joined with the U.S., Venezuela and Mexico in an initiative in the Caribbean Basin which combines many of the elements of reform to which I have referred and whose goal is to get at the social and economic conditions which cause instability and revolution in the first place.

Finally, of all the challenges facing Canada and the United States in the 1980s, the preservation of the international economic system is perhaps the most basic. Unless the Western economies can be put well and truly on the road to recovery, the other challenges could go by default. How will we come to grips with the problems caused by subsidized agricultural exports? At a time when our automobile industry is in trouble, how will we deal with massive imports of automobiles and still preserve the liberal international trading system? More fundamentally still, what will happen to our traditional industries in the face of low-wage cost competition from the Third World? These are difficult enough questions in the best of times. They are much more intractable when governments are facing record levels of unemployment.

Liberalization of trade for prosperity

In the present recessionary cycle, we must resist protectionist pressures. Protectionism in one guise or another — from technical standards to notions of reciprocity — may be good short-term politics. But we all know that prosperity is far better politics. It is trade liberalization not protectionism which has led to the unprecedented prosperity of the postwar era. The tariff cuts agreed to in the Multilateral Trade Negotiations will be phased in by 1987. We must ensure that they are not replaced by non-tariff barriers. The General Agreement on Tariffs and Trade (GATT) dispute settlement machinery must also be made to work effectively. The GATT ministerial meeting later this year will be a major test of our commitment to preserving the open international trading system.

The picture is not one of unremitting gloom. The market economies continue to sustain high standards of living. If we think we have troubles, we have only to look at the Eastern Bloc economies, at Poland and the last five-year plan in the Soviet Union. Without major reform, those economies, which have never provided much freedom, seem destined not to produce much bread either.

I would like to turn here to the challenges ahead for Canada-U.S. bilateral relations, for it is in the economic area that our two countries appear to be experiencing difficulties at the moment.

Canada is one of the world's greatest trading nations. We export over a quarter of our gross national product, compared to the United States which exports about 8 per cent. Canada and the U.S. have the largest bilateral trading relationship in the world. Your trade with us is almost as large as your trade with the entire European Community, almost twice your trade with Japan, and about three times your trade with Mexico. You have approximately \$70 billion invested in Canada and we have about \$13 billion invested in your country. I recite all this arithmetic simply to underline the importance of Canada-U.S. economic relations. Clearly we both have a great deal at stake.

Pro-Canadian economic policies

Our relations are currently undergoing some stresses and strains. This is perhaps inevitable in so extensive and dynamic a bilateral relationship. Nonetheless, from the perspective of some Americans, including *The Wall Street Journal*, the Canadian government seems embarked upon a course of radical economic nationalism. We hear Canadian economic policies described as "unfair", "interventionist", and even "anti-American". Naturally we are concerned. We are anxious that those policies be understood for what they really are. They are not anti-American. They are pro-Canadian. They are also judicious and reasonable responses to real Canadian needs.

U.S. criticisms of Canadian trade and investment policies centre on the Canadianization aspects of the National Energy Program (NEP) and on the Foreign Investment Review Agency (FIRA). Neither of these policies can be fairly described as radical economic nationalism. I think if you look behind the more extreme characterizations of Canadian policies, you will find a certain unconsciousness of the differences between the Canadian and American economies.

I am convinced that on reflection and with all the facts, most Americans would concede that Canadian policies are at least within the bounds of reasonableness. We, for our part, have been willing to listen to American concerns. We have, for example, modified some provisions of the NEP and we are reviewing FIRA's procedures to ensure that they are timely and efficient. We have also said that the NEP is not a blueprint for action in other sectors. Neither side, I should add, has a monopoly on grievances in trade and investment, or other areas of the bilateral relationship.

Close relations

What are some of the challenges ahead in these other areas? In defence and in defence trade, we have long enjoyed the closest of relations. Last March, during President Reagan's first visit to Ottawa, the U.S. and Canada renewed the North American Aerospace Defence Command (NORAD) Agreement and reaffirmed the Defence

Production Sharing Arrangements. Two of the largest military procurements in Canadian history have been made under that program – for the *Aurora* long-range patrol aircraft and for the *F-18* fighters, both of which are bringing substantial economic benefits to California and to Los Angeles. In this decade one of the major tasks before us is the upgrading of North American aerospace defences.

Sharing a continent also means sharing an environment. There are a great many issues between us in this area, not the least of which is acid rain. The challenge here will be to deal with transboundary airborne pollution as we are doing with water pollution in the Great Lakes. We know enough about this phenomenon that we must both act now.

We must continue our efforts to conclude a salmon interception treaty for the West Coast, a goal which has eluded us for decades to the detriment of the resource. On the East Coast, we have referred our maritime boundary dispute to the World Court. Canada, however, remains concerned at U.S. lack of restraint in fishing in the disputed area, the resources of which are, after all, *sub judice*. The need for co-operation is even more urgent now than it was when the fisheries treaty was withdrawn from the U.S. Senate.

Looking ahead, the major challenge between Canada and the U.S. will, I think, be managing the relationship. Here I refer more to principles than to mechanisms. In recent months various groups and individuals on both sides of the border, anxious to improve Canada-U.S. relations, have made a number of proposals, ranging from private sector consultations through to joint cabinet meetings. I certainly agree that there is always room for improvement in the channels of communication and dialogue. But I think we have to recognize that Canadian and American interests are not identical, and that new mechanisms are not going to alter that fact. If the public perception in the U.S. is that Canada has veered towards a kind of radical economic nationalism, the perception in Canada is that it is the U.S. which has shifted along the political spectrum.

**Dialogue
continues**

The point I am trying to make is that differences do not arise always out of inadvertence or happenstance. There has been no shortage of dialogue, including at the highest of levels, and the lines of communication are reliable. The challenge, in managing this massive bilateral relationship of ours, is to respect our differences as we build on the areas of agreement.

These then are some of the challenges I see ahead for Canada and the U.S. The turbulent Eighties will test us both, whether the political winds are blowing East-West or North-South. To meet them it is vital that we fashion foreign policies which respond to the underlying causes of change in the world and which are faithful to our common values. It is also vital to remember that the enormous goodwill we Canadians and Americans feel for each other does not change. It remains a constant upon which we both can count and both can build for a prosperous future.



Statements and Speeches

No. 82/4



CANADA PREPARES FOR SECOND UN SPECIAL SESSION ON DISARMAMENT

Statement by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Standing Committee on External Affairs and National Defence, Ottawa, February 25, 1982

The Standing Committee's examination of "security and disarmament issues with special attention to Canada's participation in the second Special Session of the United Nations General Assembly devoted to Disarmament" [UNSSOD II] is directed to a priority of Canadian foreign policy. I should like to express my appreciation for the concentrated series of hearings which the Committee has undertaken.

Canada's security policy has three complementary thrusts. They are: (1) deterrence of war through the collective security arrangements of NATO [the North Atlantic Treaty Organization] and NORAD [the North American Aerospace Defence Command]; (2) active co-operation in efforts to achieve equitable and verifiable arms control and disarmament agreements; (3) support for peaceful settlement of disputes and the collective effort for peaceful settlement of disputes and the collective effort to resolve the underlying economic and social causes of international tensions. Since I have elaborated on this last point on a number of occasions, I shall not do so today.

Canada recognizes the need for collective efforts to deter aggression against the North American and European regions of the North Atlantic alliance. It supports and contributes to this defence effort. We are members of an alliance which relies on a deterrent strategy in which nuclear weapons play an important part. This is unavoidable in the world as we know it. The NATO strategy of flexible response and forward defence depends on our being ready and able to respond to aggression at whatever level is necessary to counter it. The nuclear weapons of the United States and other NATO allies make an essential contribution to the security of Canada and of the alliance as a whole. While the United States provides the principal strategic deterrent, nuclear weapons of the United Kingdom are committed to the defence of NATO, and France's independent force also serves to reinforce deterrence in Europe.

**Moratorium
proposals
rejected**

We now face approximate parity at the strategic nuclear level between the Soviet Union and the United States, Soviet superiority in intermediate range nuclear weapons in Europe and the numerical superiority of the Warsaw Pact in conventional land forces. In these circumstances, members of the alliance have felt it necessary to take steps to prevent their capacity to deter aggression and to defend themselves from being further eroded. These efforts must be seen against the background of the qualitative and quantitative growth in the military power of the Soviet Union in recent years and in its disposition to project that power in support of its political

goals. Canada supports the NATO decision on intermediate range nuclear forces. We are convinced that failure to make adjustments in these areas could dangerously weaken the collective security of the alliance, of which we are a part, and seriously undermine the prospects for productive negotiations with the U.S.S.R. on limitations on such forces. For this reason we do not accept proposals for a moratorium or freeze which would perpetuate the present imbalance of these forces.

Strategic arms limitation

I come now to the question of negotiations on limiting strategic arms which have become increasingly important as a means of enhancing the stability of the mutual balance of deterrence. The process, begun in 1969, was suspended in the aftermath of the Soviet military intervention in Afghanistan. It is still indispensable that the two major nuclear powers renew their efforts to establish both quantitative and qualitative limits on their strategic nuclear forces as well as pursuing the more ambitious goal of mutual reductions in nuclear arsenals.

Some months ago the United States announced its readiness to resume talks on strategic arms early this year. It is regrettable that, because of the deterioration in the international situation caused by rigours of martial law in Poland, a date for the resumption has not yet been fixed. Unless the Polish situation continues to deteriorate, I do not consider that it should be the cause for an unduly long delay in resuming talks on strategic arms. The United States has indicated that it intends to emphasize reductions. Canada supports this objective and looks for a similar statement of intent from the Soviet Union.

The nuclear arms control process should include not only intercontinental nuclear weapons. It should also cover nuclear weapons stationed in Europe, starting with intermediate range land-based nuclear missiles — that is, with missiles based in the Soviet Union that can reach Western Europe, and missiles based in Western Europe that can reach the Soviet Union. Canada is a strong supporter of the bilateral U.S.A./U.S.S.R. talks on intermediate range nuclear forces which were proposed by NATO nations in December 1979 and which began in Geneva last November.

Canada has also sought to discourage the spread of nuclear weapons to countries that do not have them. Such a development would have profoundly destabilizing effects on international security. Although we have long had the capability to do so, we have chosen not to develop nuclear weapons of our own. We have chosen also to seek roles for our own forces within the collective defence context which are not nuclear. We shall no longer require or have access to any nuclear weapons for use by the Canadian Forces as soon as the *CF-101* interceptor is replaced with the *CF-18A*. Canada has striven to strengthen the international non-proliferation system. We have done so even though our insistence on adequate safeguards and undertakings as a condition for the export of Canadian nuclear and special material, equipment, facilities and technology has entailed commercial disadvantages for us.

Security the key

At this point I want to make it clear that our support for the maintenance of forces sufficient to deter aggression and defend the NATO area is entirely consistent with our commitment to a vigorous arms control and disarmament policy. Indeed, the two policies are more than consistent; they complement and support each other, forming a coherent whole. They serve the same goal of enhancing security and preserving peace. Security is the key. For only on a basis of undiminished security can nations be expected to accept limitations on the numbers and quality of their weapons. And only on such a basis can they be brought to consider mutual and balanced reductions of their armed forces.

It is against this background of a balanced security policy that Canadian interests and efforts in disarmament at UNSSOD II should be viewed. It was against such a background that the Prime Minister proposed, at the first Special Session on Disarmament in 1978, a strategy of suffocation which called for the negotiation of verifiable agreements by the nuclear powers on its four elements. The proposal addressed the problem of vertical proliferation of nuclear weapons. The problem remains, as does the validity of the concept.

I have thus far talked about nuclear issues which are among the priorities of Canadian arms control and disarmament policy, which I set out in 1980. I want now to turn to another priority: a ban on chemical weapons.

Chemical weapons

The Committee on Disarmament, the multilateral negotiating body in Geneva, has given increased attention to this subject in the past two years by establishing a working group on chemical weapons. It is mainly in this forum that Canada has and will continue to contribute its technical expertise. As a result of continuing Canadian research on defensive measures, we have the knowledge which enables us to offer meaningful suggestions on such aspects as the verification provisions of an eventual treaty banning these weapons. The fact that Canadian soldiers without protective equipment were the first to suffer a massive gas attack in the First World War has undoubtedly contributed to Canadian preoccupation with defensive measures. The subject of chemical weapons illustrates well the way in which the two elements of security policy overlap. Allegations of use of chemical weapons in recent years mean that the subject of chemical weapons is likely to receive considerable attention at UNSSOD II. Canada co-sponsored a resolution in the General Assembly in 1980 which led to the establishment of a group of experts to investigate reports of use and subsequently provided to the UN Secretary-General information on alleged use of chemical weapons volunteered by refugees in Thailand.

Conventional forces

Turning to conventional forces, I am sure that it will come as no surprise that their limitation is a Canadian priority. These forces account for a high proportion — estimated at 80 per cent — of military expenditures. We continue to seek mutual and balanced reductions in the conventional forces of NATO and the Warsaw Pact confronting each other in the region of central Europe. We also seek agreement on

measures, such as the notification of military manoeuvres, designed to increase confidence between the two military alliances in Europe about each other's intentions. In the United Nations we participated in the recently concluded study on confidence-building measures. We have also supported efforts in the United Nations to limit the transfer of conventional weapons and to find ways of reducing military budgets. On both we are continuing to press for greater openness. I have approved moves to explore how Canada can publish more information on Canadian military sales to show more explicitly the Canadian record of a restrictive and sensitive policy in this area. Finally, Canada has vigorously supported the initiation of a UN study on conventional disarmament.

All of the subjects I have mentioned so far were considered at the first Special Session and will form part of the deliberations at UNSSOD II.

In preparing for UNSSOD II, it is appropriate to ask how Canada can best contribute towards the realization of arms control and disarmament agreements. Although agreements are not going to be negotiated at UNSSOD II, ways of promoting their realization will be a major preoccupation.

Importance of verification

From the earliest deliberations on disarmament after the Second World War, a consistent Canadian theme has been the importance of ensuring that terms of any agreement are being observed. Canada has also sought to encourage, where useful and possible, the involvement of the international community in witnessing compliance. That is what is meant by the term international verification. Concern about verification is even more important today with the growing complexity of weapons systems and the declining degree of international confidence. When compliance is called in question and verification provisions are inadequate, the whole process of arms control and disarmament becomes more difficult, not least as a result of the inevitable decline in confidence. I therefore become impatient with those who argue that concern for verification is little more than an obstructionist tactic or that taking an interest in verification is "playing the American game". The government is serious about arms control and disarmament as an instrument of security policy, and we will continue to emphasize the importance of verification, as the Prime Minister did at UNSSOD I, as the Speech from the Throne did two years ago and, I might add, as did the Final Document of UNSSOD I.

Canada's role

By stressing the practical aspects of verification and applying expertise in other areas to arms control and disarmament issues, Canada has been able to play a role in the past and can continue to make a contribution in the future. Canada's non-proliferation and safeguards policy makes us a world leader in this important aspect of promoting the evolution of an effective non-proliferation régime, a priority of Canadian policy on arms control and disarmament.

Another example in which Canada has been involved for some years is the work on an

international seismic data exchange. In working towards the objective of a comprehensive test ban I hope that the exchange can be implemented at an early date and that Canada will be a full participant from the beginning.

You have also heard about the contributions Canada has made on the difficult issues surrounding the verification of a ban on chemical weapons.

There is another subject on which Canadian expertise could be applied: arms control and outer space. Canada played an important role in the negotiations leading to the Outer Space Treaty of 1967. We have a continuing interest in developments on this issue because of our geographic location and our extensive involvement in communications satellites. The subject of arms control and outer space is now before the Committee on Disarmament in Geneva and I hope that Canada can assist in reaching a verifiable agreement in that body.

While problems of verification vary according to weapons system, there is an enormous need for increased understanding of the importance of arms control and disarmament agreements being verifiable and of the growing costs of verification. It is for this reason that Canadian research, intended originally for Canadian use, has been made available in a series of papers during the past two years to the multilateral negotiating body in Geneva. It is also the reason why the government has continued to follow closely the proposal for an international satellite monitoring agency, put forward by France at the time of UNSSOD I. Its purpose would be to monitor compliance with the provisions of arms control and disarmament agreements. Although tremendously costly, it could be a significant step in the development of international verification mechanisms. Our support in principle is tempered by the recognition that the co-operation and involvement of the two superpowers, which now have such a capability, would be a prerequisite for the successful implementation of the proposal. Since it would be designed for monitoring multilateral agreements, it could be argued that the proposal should be closely related to the successful negotiation of further agreements.

Disarmament and develop- ment

I want now to turn to the question of the relationship between disarmament and development — a subject you have been covering and on which Canadian expertise exists. This relationship has been the subject of the most ambitious of the several UN disarmament studies since UNSSOD I and will figure prominently at UNSSOD II. Because disarmament and development are both priorities of Canadian foreign policy, it would be appropriate to examine ways, including technical assistance in areas of Canadian expertise, such as seismology and protective measures against chemical warfare, in which both objectives may be furthered. Perhaps research in development could be broadened in some instances to promote both disarmament and development.

Research and public information activities form a relatively new part of Canadian

policy on arms control and disarmament. In my statement on the occasion of Disarmament Week last October, I outlined various steps which my department has been taking to encourage research and public information activities in Canada on arms control and disarmament issues. It is my hope that additional funds can be made available to assist the increasing efforts being made by institutions, organizations and individuals across the country. The Department of National Defence, the Canadian International Development Agency, the Department of the Secretary of State, and the Social Sciences and Humanities Research Council have also contributed to the government's efforts to implement the recommendations on research and information in the Final Document of UNSSOD I.

Among the benefits of increased research and public information activities can be a greater awareness of the place of arms control and disarmament agreements as a means toward the much broader end of a more stable and secure world. I recall the public pessimism two years ago following the Soviet invasion of Afghanistan. There was a disturbing tendency to denigrate the achievements in arms control and disarmament, to assume the process had come to a halt, and to talk about war as imminent or inevitable. In one of my first speeches as Secretary of State for External Affairs I rejected such analyses. Those self-defeating views have been coming to the fore again in recent months and sometimes become translated into calls for unilateral disarmament. Let me say now, as I said on that same occasion two years ago, disarmament must be by agreement; it must not be unilateral. The negotiation of arms control and disarmament agreements, I concluded, is a security imperative for the Eighties. That is why UNSSOD II is important for Canada.

I wish to conclude my statement by saying that I look forward positively to the second Special Session on Disarmament. There is interest and support from a growing number of people in Canada. The hearings of this Committee have served well to bring to parliamentary and government attention a range of views and proposals. The Committee's report will be welcomed by the government in the formulation of Canadian positions to be taken at UNSSOD II.

The Canadian delegation to the first Special Session made a significant contribution to its success. The Final Document which was produced by consensus is remarkable in setting out a common declaration of principles, outlining a program of action and updating international machinery.

The international atmosphere since 1978 has not been propitious for the negotiation of arms control and disarmament agreements. But we have not stood still like a ring of Arctic musk-oxen when threatened. Canada has made genuine efforts to help resolve international disputes. We have been generous in providing food and homes for refugees. And we have made continuing efforts to further arms control and disarmament negotiations.

The Canadian delegation can and will take an active part in the work of the second Special Session. I am asking our Ambassador for Disarmament to visit Western Europe very shortly for two weeks of consultations. In Geneva he will meet not only with western representatives but also important eastern and non-aligned representatives. We have had official level talks with the Americans and I would remind the Committee that President Reagan made an important speech on disarmament last November 18.

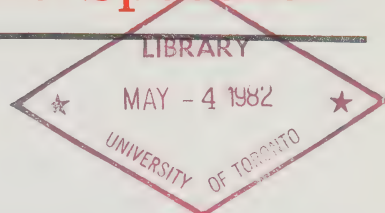
As in 1978, I think that the Canadian delegation should strive, in co-operation with other delegations, to chart the way ahead and give a further impetus to arms control and disarmament negotiations. We should not be unrealistic in our expectations from a conference which is expected to take decisions by consensus.

Canada has a number of contributions to make. It has idealism and ideas. It has a role of liaison. It has leverage on horizontal non-proliferation. It has expertise in seismic detection and chemical-weapons verification. In these and other ways we can and will do our best to contribute to the success of UNSSOD II.



Statements and Speeches

No. 82/5



CANADIAN POLICY IN AFRICA

Address by the Honourable Pierre De Bané, Minister of State for External Relations, to the Canadian Institute for African Affairs, Montreal, February 23, 1982

...During the course of my various duties, I have had the pleasure of visiting many African countries — countries of the Maghreb, from where I recently returned, of West Africa, of the Sahel and of Central Africa. In my travels, I came to appreciate the broad diversity of the continent and its peoples and, everywhere I went, I became aware of warm feelings of friendship towards Canada. Why does this warmth, this friendliness exist? That will be the theme on today's subject of Canadian policy in Africa.

Dynamism of
our relations
with Africa

Our relations with Africa constitute an important element of our foreign policy. This is hardly surprising, since Canada has diplomatic relations with more than 140 countries, a third of them African. However, statistics do not explain the tremendous dynamism of our relations with Africa. The fact of the matter is that for reasons which I will try to explain, Canadian programs relating to Africa are expanding rapidly, at rates that have still not reached a peak.

As evidence of this expansion and the vitality of our relations, I should mention in passing that Canada has a network of 20 diplomatic missions in Africa, accredited in all independent states of the continent. Since relations are two-way, Canada has in turn approved 28 African embassies and high commissions in Ottawa, as well as 28 consular offices throughout the country.

To comprehend fully this phenomenon and to appreciate the rapid growth of Canada-African relations, we should step back in time and review the question from the beginning. The Canadian presence in Africa dates from the start of the century. From that time, many Canadian missionaries chose that continent for their humanitarian work. Many thousands of missionaries thus served in Africa over the years, especially in the fields of health and education. They founded schools and colleges which contributed to the education of the African ruling class. They were the precursors of our relations, today so diversified, and the first Canadian witnesses of the African reality. Their actions and words reinforced the strong affinities which have always existed between Africa and Canada.

These affinities were partly strengthened by linguistic factors. Thus, French-speaking, Catholic Canadian missionaries were particularly interested in West and Central Africa, and English-speaking, Protestant Canadian missionaries established themselves primarily in Commonwealth Africa. These were natural patterns and they in no way

hindered the establishment of, for example, French-speaking missionaries in Lesotho, nor the work of English-speaking missionaries in Mauritania; neither did they prevent Canadians from becoming active in areas which required languages other than French or English. Canadians thus played a major role in setting up an educational system in Ethiopia. Progress has continued: two Canadian women, medical missionaries, recently received the Order of Canada in recognition of their heroic work in Angola when that country was in a state of war.

Apart from the contribution by missionaries, the Canadian business community was interested in Africa. The Alcan company, for example, began operations in Guinea when that country was still a French colony, and opened a business office in Leopoldville (now Kinshasa) in 1947.

As African countries became independent states, Canada accorded them diplomatic recognition beginning with Ghana in 1957. Independence for other Commonwealth countries followed, as it did for former French and Belgian colonies. With the emergence of a large number of new African states whose official language was French, the Francophone element began to play an increasingly prominent role in foreign policy, in parallel with the Commonwealth element. It was in fact during this period that there was a resurgence of the "French fact" in Canada, and a wish to reveal this vitality in new areas all over the world led to an intense interest in Africa. Canada thus began to establish a network of embassies and high commissions in Africa, and to welcome African diplomatic missions; these new political ties served to develop and stimulate exchanges, certain of which, based on natural affinities, had appeared several decades earlier.

The time thus came to formulate a Canadian policy on Africa. Since the new African countries had urgent needs in the matter of economic and social development — needs brought into focus through the testimony of missionaries — it was natural that Canada's actions should be concentrated chiefly in that field, but not to the exclusion of all others.

Thus, Canada helped the new African regimes to take their place in the world order, providing them with easier access to the various international agencies. It also participated in the first United Nations peace mission to what was formerly the Congo. Already a member of the Commonwealth, Canada also supported the leading institutions of the French-speaking world, many of which it helped to establish. Since the African countries account for a major portion of the membership of the various agencies linked to the Commonwealth and the French-speaking world, Canada has discovered an effective means of consolidating its ties with Africa in that framework, thereby reinforcing its bilateral relations with each of the African countries.

Objectives policy

Today, Canada-African relations have reached an advanced stage of maturity, and we have begun to acquire sound experience in African matters. Canada is actively pur-

suings the main objectives of its foreign policy in Africa.

First, we want to contribute effectively, with due regard to social justice, to the development of the African countries, particularly the most disadvantaged. The scale of our efforts in this area attest to the seriousness of our intent and the strength of our good will.

Secondly, we want to express our national identity on the world scene, especially in Africa, by developing and reinforcing our links with French-speaking countries, as well as with member countries of the Commonwealth.

Thirdly, we wish to establish lasting economic ties with the African countries, to our mutual advantage. We have complete confidence in the success of Africa's development, since that continent has enormous potential and we know that aid as a solution must gradually give place to the establishment of profitable trade relations, this being one aim of the North-South dialogue.

Fourthly, we want to do our part in maintaining peace and security in Africa, as we did in what was formerly the Congo, in Zimbabwe, in Uganda, and now in Namibia. Obviously, we do not wish to interfere in the internal affairs of other countries: we must above all respect the African nations' wish to provide their own solutions to the major conflicts still affecting some areas of the continent.

Fifthly, we want to contribute to improving the quality of life, especially where the environment is concerned. You may recall that the first Secretary-General of the United Nations Environment Program, which has its headquarters in Nairobi, was a Canadian, Maurice Strong.

How do these diverse objectives become reality? This question brings me to the subject of our operations, programs and activities in Africa, the successes we have achieved and the problems we face.

Almost half of Canadian bilateral aid grants are directed to Africa. At present, this represents a sum of more than \$300 million a year, and this amount will increase rapidly as we approach our objective of allocating 0.7 per cent of our gross national product to assisting Third World countries. To this figure must be added the amounts, difficult to compute, channelled to Africa through international agencies which we support financially, such as the United Nations Development Program, the World Food Program, the United Nations Children's Fund, the Food and Agriculture Organization, the World Bank, the United Nations Educational, Scientific and Cultural Organization, French-language institutions, Commonwealth institutions, and a multiplicity of Canadian and international non-governmental organizations.

Development aid is not merely a matter of transferring funds and technology. Well-

defined projects must be implemented, in a context which is often difficult, beset by overwhelming logistical problems. When visiting Africa, I have always been impressed by the courage and generosity of hundreds of Canadians who have chosen to work in this field. This human dimension of development seems splendid to me, for it represents a privileged area of cultural exchanges by means of which we come to know and appreciate one another, while at the same time working together to build tomorrow's Africa.

Our aid program is thus not simply a matter of dollars and cents, but a tangible reality. It means a polytechnic school in Senegal, a railroad in Malawi, a dam in Tunisia, an aqueduct system in Ethiopia, grain crops in Tanzania, an access road in Niger. Hundreds of economic and social infrastructures have been established within the framework of Canado-African co-operation. Over the years, we have learnt to match the most pressing needs of African countries with our own abilities, and we have decided that henceforth, our efforts should be concentrated in the sectors of rural development, energy and human resources. Obviously, this does not exclude action in other areas such as transport, telecommunications and health, when such projects have vital importance and we are in a position to ensure their successful completion.

The human dimension of development, which I mentioned just now, has led us to look closely at the conditions under which projects are carried out. We have seen that a project's chances of success depend on several factors, including good long-term planning, competent management, thorough knowledge of the environment, and consistency of effort. These facts have prompted us to concentrate aid in a limited number of countries, so that efficiency and cost effectiveness are more reliably assured. Most countries in which we concentrate our development aid are in the low-income bracket.

This need to concentrate aid in a limited number of countries has given rise to a serious problem. We are somewhat torn between our wish to manage our aid program efficiently and our wish to assist the people of all disadvantaged countries. In other words, we would like to assist everyone everywhere, but we know that we can produce worthwhile results only by working conscientiously in a limited number of locations at any one time. We are dealing with this problem by introducing more flexible aid instruments, through non-governmental and international organizations and agencies competent to carry out eminently useful projects which we finance generously, without increasing our own staff. We have also increased the level of funds available to our missions for directly financing basic development projects. However, this represents a continuing problem, one to which we are trying to find a satisfactory solution.

Economic relations

Our economic relations with Africa have expanded rapidly. For trade, the statistics are as follows: in 1980, total exchanges exceeded \$1.7 billion, or double the figure

for five years earlier. This is due not to imports, which have deviated only slightly from \$0.5 billion for several years, but to rapid growth in exports. In 1960, only a handful of Canadian companies had interests in Africa; now, the number stands at about a hundred. I have often met Canadian businessmen in Africa, and I have been struck by their dynamism and by their determination to enter the African market. It is thanks to such men and their sustained efforts that the various African countries have learned to appreciate the quality of our products and services.

Exports

How should our trade with Africa be characterized? Canada's export figures for Africa are as follows: 1980: Arabic Africa, \$660 million, almost \$400 million of which went to Algeria, by far our leading partner; black Africa, \$350 million; southern Africa, \$200 million. Figures for exports to French-speaking Africa illustrate the growth rate: in 1960, under \$10 million; in 1970, almost \$40 million; in 1980, \$627 million. To these figures must be added the value of services extended, not really computable but certainly representing several hundred million dollars, and the global value of Canadian investments in Africa, also reaching a figure of several hundred million dollars.

These figures, unavoidably abstract in nature, represent a very vivid reality. Canada exports to Africa agricultural products, transportation, electrical and electronic equipment, prefabricated houses, machinery, chemical products, asbestos, paper products; the emphasis is clearly on products and equipment which will contribute to Africa's development. Canada's chief imports from Africa are unrefined petroleum, ores, sugar, coffee, cocoa. It is self-evident that as African countries become more prosperous and their economy more diversified, trade in both directions will increase in volume and variety.

This growth in exports to Africa is the more remarkable since Africa is not an easy market for us. I might mention some of the problems we face. African companies often have close links with those of Europe, and the latter often control the markets. Calls for tenders are often formulated according to European rather than North American standards and criteria; the difference is important when tenders are being prepared and is disadvantageous to our companies. The question of financing transactions is also a major problem; the heavy debts and economic difficulties of many African countries are barriers to obtaining commercial credit and we do not enjoy the same flexibility as European countries when backing a commercial loan with aid votes. European companies are omnipresent in Africa, whereas we have hardly tapped that market or identified those sectors in which we are best qualified to compete. We are gaining ground rapidly, but are not being awarded contracts; we must win them through demonstrated competence and persistence.

Special measures have been taken to facilitate Canada-African commercial exchanges. Each week, a Canadian trade mission visits some part of Africa. We finance familiarization tours to Africa by Canadian businessmen. Imports from most African coun-

tries benefit from the general system of preferential tariffs. We facilitate visits to Canada by representatives of African exporters who want to market their products in Canada. Certain aid projects, especially in the most prosperous countries, generate lasting commercial benefits and sometimes make it possible for Canadian companies to open offices in Africa. The Export Development Corporation is taking an increasingly greater interest in the African market, along with Canadian businessmen; lastly, the Canadian International Development Agency has set up a program for industrial co-operation which facilitates the creation of joint Canada-African companies. Under this plan, Canadian companies join with African businessmen to establish in Africa enterprises such as bakeries, sawmills, poultry-rearing centres, and furniture factories. I feel this is very promising, since the economic vitality of a country rests largely on the development of small- and medium-sized businesses.

Prime matters

The aid program and trade relations, which both contribute to economic development, are at the centre of our links with Africa. The more purely political side is equally important. In this area, we share the major concerns of the African governments. If I may, I would like to enlarge upon this topic.

Canada is deeply involved in the North-South dialogue. This matter, of prime importance for Africa, has given rise to many consultations with our African friends, and several visits by the Prime Minister to various African countries. I have discussed these questions with a number of African heads of state and ministers, and I have always observed how keenly our positions and actions in the matter were appreciated.

Another question of vital importance to Africa is the problem of decolonization. I have already mentioned the active role which Canada assumed whenever independence was achieved. We have also shown an interest in this question through the part we played in the events leading to independence for Zimbabwe. For five years, in concert with other western countries, and in constant contact with the countries of southern Africa, we have been working determinedly to set in motion a process which will enable Namibia to obtain its independence, by peaceful means, on the basis of free elections supervised by the United Nations Organization.

With reference to *apartheid*, Canada has continually and vigorously fought this racist system which is an affront to human dignity, and which Prime Minister Trudeau has called an insult to humanity. Canada anticipated the United Nations when, in 1963, it initiated an embargo on arms sales to South Africa. We also took steps to discourage participation in sporting events with that country, beginning in 1978, and to discourage expansion of trade relations. Finally, we have offered, through the services of various agencies, constant support for the victims of *apartheid*.

Canada, which has never been a colonial power, pursues a policy of non-interference in the internal affairs of African countries. This policy has always met with the approval of the countries in question. However, although we maintain absolute

neutrality in the face of conflicts such as those affecting the western Sahara, the Republic of Chad and the Horn of Africa, this does not necessarily mean that we are insensitive to the problems; indeed, Canada provides appreciable humanitarian relief for victims of such conflicts. Canada also played a key role in re-establishing human rights in Equatorial Guinea, after the fall of the Macias dictatorship, and participated in supervision of elections in Uganda when Amin Dada fell from power.

At present, we are continuing an ever more profound and sustained political dialogue with Africa. Top-level visits are increasing in number, as are consultations when international crises occur. This political dialogue is pursued on a bilateral basis and also on the occasion of meetings of Commonwealth agencies and Francophone institutions.

This, then, is a broad outline of Canada's African policy. As you have doubtless inferred, this is a coherent, dynamic and soundly based policy. There are still elements which need to be expanded upon and integrated into our general policy, for example, our relations with certain countries which belong neither to the French-speaking world nor to the Commonwealth; desired expansion of our aid programs in the face of administrative constraints dictated by a concern for effectiveness; the expansion, likewise desired, of our network of diplomatic missions, in the face of our policy of austerity. However, I am pleased to observe that no political problems exist between Canada and any African country. Our relations are doubtless more intense with some than with others, but are in all cases excellent.

The Canadian government attaches great importance to the development of its relations with Africa. We shall continue to support the efforts of the African countries to step up their rate of development. We shall continue to promote our political exchanges, exchanges of personnel, cultural and commercial exchanges. We shall continue to strengthen our ties at the bilateral level and within the multilateral agencies of which we are members.

The history of Canado-African relations shows us that we share many common interests with Africa. We have learned from these relations that they rest on a solid foundation, one suited to agreement and co-operation at all levels. We shall thus continue to build on this foundation, in order to pursue rapprochement and contribute to the creation of a better, more just and more prosperous world.



Statements and Speeches

No. 82/6

INTERNATIONAL SECURITY AND DISARMAMENT

A Statement by Ambassador for Disarmament A.R. Menzies, to the Standing Committee on External Affairs and National Defence, Ottawa, February 3, 1982

Questions of security and disarmament are much in the minds of people the world over in these troubled times. Leaders of government and their officials, non-governmental organizations and ordinary citizens grapple with the vexing question of how best to build a better and more secure future in face of the serious threats to the peace that prevails.

The carnage of 1914-18 was said to be the war to end all wars. Twenty years later the world was plunged into darkness again. More than 100 wars have been fought in the developing countries since the Second World War, killing 25 million people and driving millions more into refugee camps. In Central Europe, about two million North Atlantic Treaty Organization (NATO) and Warsaw Pact troops armed with sophisticated conventional and nuclear weapons face each other. Additional risks are inherent in the spread of nuclear weapons technology to non-nuclear weapon states. Over \$500 billion was spent on armaments last year alone — money that is sorely needed for improved social welfare and economic development.

In the debate on foreign policy in the House last June, the Prime Minister began by saying that "our world has become unpredictable and unstable" and "more dangerous". He said that "there is a generalized condition of crisis expectation". He reminded the House that "all the great problems of the world are interrelated: the problems of East and West, North and South, of energy, nuclear proliferation, refugees, sporadic outbursts of violence and war — all of these form a complex of cause and effect".

A major cause of instability today is the strain in East-West relations, which has resulted in an erosion of that climate of confidence defined as *détente* in the Final Act of the Conference on Security and Co-operation in Europe, signed by 35 heads of state or of government in Helsinki in 1975, of which Canada was a member. The Soviet arms build-up, the invasion of Afghanistan, the failure of the United States to ratify the SALT II Treaty [Strategic Arms Limitation Talks], and the excesses of martial law in Poland have all been contributory factors.

A significant source of instability lies in the irregularity of the cycle of armaments modernization in the major military powers. Prime Minister Trudeau spoke of this again in his speech in 1978 at the first Special Session. He said:

"What particularly concerns me is the technological impulse that continues to lie behind the development of strategic nuclear weaponry. It is after all, in the laboratories that the nuclear arms race begins. The new technologies can require a decade or more to take a weapons system from research and development to production and eventual deployment. What this means is that national policies are pre-empted for long periods ahead."

Since the first Special Session of the United Nations General Assembly on Disarmament in 1978, which I would like to refer to in future as UNSSOD I, there has been little progress in international disarmament negotiations. There is an urgent need for a new impetus to be given. UNSSOD II this year presents such an opportunity. Hearings in the standing committee, like other organized consultations elsewhere, provide the means by which citizens may express through their parliamentary representatives their concerns, their hopes and their practical suggestions for advancing the cause of arms control and disarmament.

ackground

It is a sombre picture I have painted at the outset but it could have been worse. Europe, for example, has enjoyed a longer period of peace in the last three decades than in any other period this century; not because the expansionist ambitions of some have been quenched, nor alas because sufficient confidence has been built between East and West, but rather, because the strength and resolve of the North Atlantic alliance has deterred potential aggression.

After the enormous destruction of the Second World War, Canada, like many other countries, hoped for the creation of a new world order under the United Nations, through which peace and security would be assured by the Security Council, whose five permanent members were given veto powers.

The permanent members of the Security Council were unable to agree on ways to implement the provisions of the Charter relating to the maintenance of international peace and security. For this reason, and having regard to mounting tensions in Europe, Canada became one of the original signatories of the North Atlantic Treaty in 1949. The purpose of this regional collective security organization is to band together to deter potential aggression. Until the arrangements for maintaining international peace and security contained in the United Nations Charter are made effective, I assume that it will continue to be the policy of Canadian governments to rely on the regional collective security arrangements of NATO.

Vital though a credible deterrent is to the avoidance of war, it cannot by itself build a peace or resolve the underlying differences between East and West that are the root cause of the instability. Herein lies the great conundrum of security policy. On the one hand an effective deterrent is maintained by an adequate level of up-to-date armaments, and yet the cycle of armaments modernization breeds fear and mistrust which exacerbate instability. It has been my experience that it is impossible

to deal constructively with the complex questions of disarmament without taking fully into account the security imperatives of both sides. We want equal security at lower levels of armaments, manpower and expenditure.

Canada's security policy

Canadian security policy, as it has evolved since the Second World War, has been based on three foundations of peace:

- (a) the deterrence of war through the collective security arrangements of NATO and North American Aerospace Defence Command (NORAD);
- (b) the persistent search for equitable and verifiable arms control and disarmament agreements; and
- (c) active participation in and support for the peaceful settlement of disputes and a collective effort to resolve the underlying economic and social causes of international tensions and disputes.

Broadly speaking, Canada is confronted by the following types of disarmament problem:

- (a) the nuclear balance between the United States and the Soviet Union, including the interface with the other three nuclear weapon states;
- (b) the conventional forces balance in Central Europe between NATO and the Warsaw Pact;
- (c) conventional wars and confrontations in the developing countries too often fuelled by big power intervention; and
- (d) the risk of proliferation of nuclear weapons to additional countries.

I will comment briefly on Canada's interest in each of these types of arms control and disarmament problems.

Nuclear weapons

First, nuclear weapons: Canada is vitally interested in the nuclear-weapons confrontation between the United States and the Soviet Union, not only because this country lies geographically between the Soviet Union and the United States, but also because, as a party to the NATO and NORAD agreements, Canada is a member of a nuclear-armed alliance, accepting its benefits and its responsibilities. Through a number of NATO committees Canada is informed about the United States' nuclear planning and has a full opportunity to contribute its views in the development of NATO nuclear policies. For instance, the Secretary of State for External Affairs and the Minister of National Defence joined other NATO ministers in the December 1979 decision to modernize NATO's land-based, intermediate-range nuclear forces in the European theatre and at the same time to propose negotiations with the Soviet Union on the limitation and reduction of these forces. This two-track decision has been reaffirmed by NATO foreign and defence ministers on repeated occasions since 1979, and both aspects are currently being pursued.

Negotiations on intermediate-range nuclear forces in Europe have begun in Geneva between the United States and the Soviet Union. The United States consults with its allies on its negotiating position in the NATO Special Consultative Group, of

which Canada is a member. After consultation in NATO, President Regan proposed last November that the United States would not deploy the *572 Pershing II* and *Cruise* missiles to Europe if the Soviet Union would remove and dismantle the *SS20*, *SS4* and *SS5* missiles it has aimed at Western Europe. This bold proposal was warmly welcomed by Western European governments and by Canada.

President Reagan said that the United States would be ready to resume talks on strategic arms this spring. He proposed to change the acronym from SALT, for strategic arms limitation talks, to START, for strategic arms reduction talks, indicating that he wanted a real reduction, not just a limitation or ceiling. When Secretary of State Alexander Haig met Soviet Foreign Minister Gromyko in Geneva last week, it was initially intended that they set a date for the resumption of the SALT or START talks. However, because of the Polish situation, the United States was not prepared at this time to set a date for the commencement of the negotiations.

I think I have indicated Canada's acute interest in negotiations for the limitation and reduction of nuclear weapons by the United States and the Soviet Union. Canadian views are constantly being conveyed to the United States bilaterally and through NATO.

Conventional forces in Europe

Mutual and Balanced Force Resolutions (MBFR) — Because Canada has 5 000 armed forces personnel stationed in Central Europe, a Canadian delegation takes part in the talks on reduction of forces between NATO and the Warsaw Pact which have been going on in Vienna since 1973. I visited these talks in 1974, when I was Ambassador to NATO, and again last year. Unfortunately, although some progress has been made in the negotiations, no agreement has so far been possible because the Soviet Union has persistently maintained that the land forces of the two sides are equal, whereas the NATO nations are convinced that the Warsaw Pact has a superiority of about 150 000 men in the reduction area. Unless there is agreement on the basis data about existing force levels, it would be impossible to monitor compliance with any agreed reductions and residual ceilings.

The importance of these MBFR talks should not be underestimated for either alliance, as this military confrontation is said to soak up half of world military expenditures, or about \$250 billion a year. The MBFR negotiations are the only ongoing effort anywhere in the world to achieve actual reductions in forces in a region of military confrontation.

The Final Act of the Conference on Security and Co-operation in Europe (CSCE), signed in Helsinki in June 1975, was intended to record the improvement of relations, or *détente*, in a variety of fields, from human contacts in trade to confidence-building measures for security.

From the hearings of a subcommittee of this standing committee in the summer and

autumn of 1980, and its report of October 29, you will be aware that the second follow-up meeting of the CSCE has been taking place in Madrid since November 1980, endeavouring to reach agreement by consensus on a balanced report. One proposal being considered is the convening of a conference on disarmament in Europe which would focus initially on strengthened confidence-building measures. Unfortunately, East-West relations in Europe have not been good during the Madrid meeting and have deteriorated further recently because of the excesses of martial law in Poland. The meeting reconvenes February 9, that is next week, after its Christmas recess. I fear that the differences that will be underlined then will reflect on other negotiations on disarmament.

**Wars in
developing
countries**

The vast majority of the over 130 wars fought since 1945 have been in the developing countries, killing, as I mentioned earlier, 25 million people and creating enormous refugee problems. Canada is greatly concerned by the human suffering, the social and economic disruption and the frequent infringements of freedoms that so many wars in the developing countries have caused. The cost to Canada of helping to maintain refugees in camps, and settling substantial numbers in this country, has been considerable.... Canada also exercises strict control on the limited amount of military-related equipment it exports to developing countries to ensure that it does not go to areas of instability of military repression.

The Canadian record in United Nations' peacekeeping has been exemplary. With the increasing tendency for regional organizations like the Organization of African Unity or Organization of American States to deal with regional disputes as internal responsibilities, the question arises whether there is a further role that Canada could play in passing on its peacekeeping experience to other countries interested in peacekeeping on a regional basis.

**Risk of nuclear
weapons
proliferation**

As a producer and exporter of uranium, nuclear power equipment and technology, Canada is also concerned about the risks of additional countries' acquiring the capability to produce nuclear weapons.

The Non-Proliferation Treaty of 1968, to which Canada continues to give strong support, was aimed at stopping both vertical and horizontal proliferation: "vertical" meaning the increase in weapons held by the nuclear weapon state and "horizontal" meaning spreading out to other countries which do not now have them. Unfortunately, a number of near-nuclear states like India, Pakistan, Israel, South Africa, Brazil and Argentina have not signed the Non-Proliferation Treaty and the nuclear weapon states have failed to make any progress on their side of the bargain in reducing their stocks of nuclear weapons.

Now I should like to turn to institutional arrangements. Earlier in my statement I referred to Canada's hopes that the United Nations would develop effective arrangements to maintain international peace and security, including the principles governing

disarmament and the regulation of armaments as set out in Articles 11 and 26 of the Charter. Canada took an active part in the work of the UN Atomic Energy Commission set up in 1946. It was the first act of the then established General Assembly of the United Nations. It also took part in the work of the Committee on Conventional Armaments and all the succeeding commissions and committees that have been set up under the United Nations to deal with disarmament questions.

In 1978 at UNSSOD I, meaning the first United Nations Special Session, the present Committee on Disarmament was set up with 40 members. There was an enlargement progressively over the years and Canada is a member of that committee on disarmament, which has a majority of non-aligned states and all of the nuclear weapon states; France and China, for the first time in 1979 and 1980, I guess it was, joined the work. The committee and its working groups observed the consensus rule. That means that any one of the 40 countries can veto action by the committee.

The Committee on Disarmament (CD), has working groups on a chemical weapons treaty, a radiological weapons treaty, negative security assurances* and the drafting of a comprehensive program of disarmament. The Committee on Disarmament is too little known in Canada. Its work is not often reported in the Canadian media. In recent years its documents have not been as readily available to researchers as have those of the United Nations. Its future will be one of the subjects discussed at the Second Special Session. The committee must cope with the difficulties inherent in its sheer size. Its work is inevitably influenced by the degree of confidence between the two superpowers and the extent of progress in their bilateral negotiations.

First Committee work

Now I should like to refer to the work of the First Committee of the UN General Assembly. This is the main deliberative body on disarmament questions. Meeting for about two months each autumn, it passes resolutions by majority vote, which are not binding. Last year there were over 50 resolutions on disarmament matters. The debates and resolutions of the First Committee of the General Assembly are an important influence on international public and government opinion. My observation is that both Eastern and Western delegations make considerable effort to influence the 120 or more neutral and non-aligned delegations.

The General Assembly has also set up a Disarmament Commission composed of all member states which meets for about four weeks each spring to study in greater detail subjects referred to it by the Assembly.

In 1959 the General Assembly adopted general and complete disarmament as a basic goal of the United Nations. Both the Soviet Union and the United States submitted comprehensive proposals which were marked by a mixture of idealism and Cold War rhetoric. Although general and complete disarmament was retained as a lofty United Nations objective, it was increasingly recognized by East and West that such a goal could only be reached on a step-by-step basis and through the improvement of East-

* Negative security assurances involve the establishment of agreements whereby countries without nuclear capability would not be susceptible to nuclear attack.

West political confidence or *détente*.

Canada's role

Following the easing of the 1962 Cuban missile crisis, the debates in the First Committee began to focus on partial measures which could be more readily agreed and which would help to improve international confidence. Canada played an influential role in negotiations on five agreements:

- (a) the Partial Test Ban Treaty of 1963 barring tests in the atmosphere;
- (b) the Outer Space Treaty of 1967 prohibiting the orbiting of weapons of mass destruction;
- (c) the Non-Proliferation Treaty of 1968 which I have already mentioned;
- (d) the Seabed Treaty of 1971 barring the emplacement of nuclear weapons on the seabed; and
- (e) the convention of 1972 banning biological weapons.

The First United Nations Special Session on Disarmament was held in New York from May 23, 1978 to July 1, 1978. The final document, produced by consensus, marked the high point of international agreement on the objectives and principles that should guide the quest for disarmament. It set out a program of action on the disarmament measures that could be agreed and implemented. It revamped the disarmament machinery and made education and information proposals. This remarkable final document deserves careful study as your committee gives special attention to Canada's participation in the Second Special Session.

I do not have the time to give an account of the role of the Canadian delegation at UNSSOD I.... However, I do think I should mention the important speech made at UNSSOD I by Prime Minister Trudeau. That speech will have relevance for the positions to be taken by the Canadian delegation at the Second Special Session.

Mr. Trudeau spoke of the philosophy of disarmament, of the Non-Proliferation Treaty, of the need for restraint in the export of conventional military equipment, about peacekeeping and security. The part of his speech which attracted most attention dealt with the strategy of suffocation. He noted that the SALT talks have produced some useful quantitative limits indicating the possibility of confirming or codifying an existing balance of forces. But he also thought the SALT talks indicated the difficulty of cutting back on weapons systems once developed and deployed. It was difficult, he said, to achieve the magic formula of equal security by placing limits on what are often quite disparate weapons systems.

Interlocking measures

Hence, he proposed four interlocking measures which, if agreed, would arrest the dynamics of the nuclear arms race at the laboratory stage. These were:

- (a) a comprehensive test ban agreement;
- (b) an agreement to stop all new strategic delivery vehicles;
- (c) an agreement to prohibit all production of fissionable material for weapons purposes; and

- (d) an agreement to limit and then progressively reduce military spending on new strategic-nuclear-weapon systems.

All these measures had been proposed before. What was new was the proposal that they be interlocking or mutually reinforcing. It should also be observed that Mr. Trudeau did not propose unilateral action but the negotiation of verifiable agreements.

When the strategy of suffocation was put forward, the conclusion of SALT II and a comprehensive test ban treaty appeared very likely. Unfortunately, although SALT II was signed in 1979, President Carter did not press the Senate to ratify it because of the Soviet invasion of Afghanistan in December of 1979. The Comprehensive Test Ban trilateral negotiations were recessed in November 1980.

Since UNSSOD I the validity of the strategy of suffocation has been reaffirmed repeatedly, not least during the foreign policy debate in the House of Commons last June. In the less propitious international atmosphere today, special Canadian emphasis has been placed on the desirability of early resumption of the Soviet-American dialogue on the limitation and reduction of nuclear weapons. In the light of the resumption of that dialogue, it is hoped that the nuclear-weapon states will give further consideration to the elements of the strategy of suffocation as a means to control and arrest the production of new strategic systems.

Need for information

In recent years there has been increased realization of the need for research and public information activities. Indeed, this is one of the major achievements of UNSSOD I. In the past three years the government has devoted much more attention to this aspect of policy. The creation of the position of Ambassador for Disarmament was part of that process, as has been the convening of a Consultative Group of Disarmament and Arms Control Affairs, the publication of the *Disarmament Bulletin* and the establishment of a modest disarmament fund to assist research publication and conferences.

The beneficial effects of this change have included a greater involvement of individuals outside of government in such ventures as UN disarmament studies, and a growing awareness in Canada of areas of Canadian expertise. In this connection, I am pleased that this committee will be examining the Canadian role and contribution in two technical areas. First there are the discussions within the CD aimed at the development of an international seismic data exchange system. This would be part of the international verification provisions of an eventual nuclear test ban treaty. Then there are the issues involved in negotiating a treaty to ban chemical weapons. Canadian expertise in defence against the use of chemical weapons has enabled Canada to make a widely respected contribution.

UNSSOD II will be meeting at a time of considerable international tension, heightened recently by the introduction of martial law in Poland. Lack of interna-

tional confidence inevitably will cast its shadow over the deliberations. While only four months remain before the opening, we can only hope that the collective will to make progress on arms control and disarmament at UNSSOD II will prevail over the current climate of mistrust. Certainly this is the spirit in which the government of Canada approaches this conference.

We have informed the Secretary-General of the United Nations that Canada hopes that the Special Session will give highest priority to:

- (a) promoting continuation of the SALT process;
- (b) conclusion of a multilateral comprehensive test ban treaty;
- (c) conclusion of an agreement on the prohibition of chemical weapons;
- (d) evolution of an effective non-proliferation regime, based on the Non-Proliferation Treaty; and
- (e) promotion of concrete measures to limit and reduce conventional forces.

agenda for
UNSSOD II

The Preparatory Committee for UNSSOD II, on which I serve, has hammered out an agenda which includes a review of the present international situation as it affects implementation of UNSSOD I's program of action; a comprehensive program of disarmament which will restate that program of action; a review of disarmament machinery; new initiatives; and measures to mobilize world public opinion in favour of disarmament.

One may assume that, in the general debate, varying perceptions will be presented of the international situation and the reasons for lack of progress in implementing the program of action of UNSSOD I. Unless prior agreement is reached in the Committee on Disarmament of a comprehensive program of disarmament, and that must be done by consensus, prolonged debate on this item may be expected.

UNSSOD II will also consider several expert reports. The most important of these is probably the study on disarmament and development, to whose preparations Mr. Bernard Wood of the North-South Institute contributed. A popular version of this study by Clyde Sanger has been commissioned by the Department of External Affairs and should be published in March.

A study of the feasibility of a world disarmament campaign to increase research, education and public information about disarmament is to be discussed. Also, the Independent Commission on Disarmament and Security Issues, popularly known as the Palme Commission, should complete its report by the end of March....

Finally, our task at UNSSOD II will not be an easy one. The search for a more secure disarmed world, which is the longing of men of goodwill everywhere, is complex and arduous. That pursuit is made no easier in a climate of fear and mistrust. Negotiations for meaningful disarmament agreements can only succeed if the protagonists will allow them to do so, and if there are adequate assurances of undiminished security for all.

We must not, however, let impatience or frustration divert us from the course of such negotiations. You may detect in my words something of the oriental influence which contributed to my childhood in China. The Chinese philosopher/sage Confucius is reputed to have said, some 2 500 years ago, "The man of Virtue makes the difficulty to be overcome his first business, and success only a subsequent consideration."

Despite the enormous difficulties which lie in the way of effective disarmament agreements, I remain unshaken in my belief, after many years in this field, that Canada has played, and can continue to play, an important role in bringing about the successes we all strive for. We are not a nuclear-weapon state, but we are a partner in an alliance that encompasses a nuclear deterrence policy. We do not have large standing armed forces, nor do we bristle with armaments, but we play an integral part in making NATO and NORAD defences credible; and in both those capacities we have an opportunity to exercise influence on our great and powerful friends. Our technical expertise in vital areas such as verification procedures, so important to the negotiation of effective agreements, is recognized in the various international negotiating bodies.

We are not a superpower, but we are a respected voice in international councils. Our voice is made stronger when we join with like-minded countries, who share our resolve to tackle the difficulties and to conclude disarmament agreements that will work. Our way then is the high road of idealism — the same idealism that motivates all people who desire a disarmed world, but an idealism tempered by a pragmatism that recognizes that that world will only be brought about by painstaking and a serious negotiations.

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No. 82/7

THE CHALLENGE OF EXPORTATION

Address by the Honourable Pierre De Bané, Minister of State for External Relations,
to the Montreal Chamber of Commerce, February 23, 1982



You are all aware that Canada has long been a major exporting nation. Now that we depend on exports for some 31 per cent of our gross national product (GNP), we are confronted daily with the challenge of an increasingly competitive world. With the slower growth rates that are occurring in their economies, our major trading partners will also be looking increasingly to exports as a solution to their problems of insufficient capital investment, high unemployment and inflation. In light of these realities, I now want to you about a challenge that we all must face — the challenge of exportation.

I do not intend to overwhelm you today with an exposition replete with statistics. But I hope in these few moments to give you something of a heightened sensitivity toward this aspect of Canadian life. I would like to kindle an awareness in you of the enormous potential that needs only to be developed. I have just returned from North Africa — Morocco and Tunisia to be specific — where I travelled with a large delegation of Canadian businessmen and chaired two bilateral commissions. In the course of our discussions, I observed that the governments and businessmen of these countries were desirous of cultivating more extensive trade relations with Canada. They are already familiar with the quality and excellence of our products and services, but some of them have pointed out that the Canadian firms should show more perseverance in developing these trade relations abroad.

Our reputation has paved the way for us. We are well thought of, not only in Africa, but throughout the world. What are we waiting for then? In this world of new and increasingly dynamic and capable competitors, we cannot seriously expect business contracts and connections to materialize without a greater measure of zeal, persistence and imagination on our part. Could it be that we need to make a more dynamic approach and to find a greater motivation to export?

Trade surplus

A favourable element in Canadian economic developments in 1981, particularly in light of the downturn in world-wide economic activity, was the achievement of a large merchandise trade surplus of \$6.5 billion. This surplus was much higher than had earlier been anticipated and compares favourably with the all-time record surplus of \$7.8 billion recorded in 1980. The increase of 10 per cent in 1981 and 17 per cent in 1980 in our exports exceeded the growth in the GNP over these years. Exports therefore are performing better than the economy as a whole.

While Canadian exports to all markets increased to \$84 billion, those to the United States rose 15 per cent to approximately \$56 billion. The U.S. continues to be our most important trading partner, representing two out of every three dollars of our exports, and it will continue to remain our major market. While our trade surplus with the United States bounced back to \$2.6 billion in 1981 compared to negligible surpluses in 1979 and 1980, our merchandise operations surplus with all other countries was lower in 1981 than in 1980, largely because of reductions in our exports to Western Europe and Japan and our substantial increase in imports from certain newly-industrialized countries such as South Korea.

Looking at exports of manufactured goods, we are doing a lot better than some critics would lead us to believe. Some 70 per cent of our merchandise exports take the form of semi-manufactured and fully manufactured products. Canadian firms have developed world-class expertise in such sectors as processing natural resources in remote areas, providing adequate transportation networks in rural and urban locations, establishing efficient telecommunications systems and producing quality foodstuffs. Canadian firms are capitalizing on this market potential now and I am pleased to be able to highlight two examples that are of particular interest to this audience:

1) In December 1981, SNC [a consultant group] was awarded a contract to supply consulting engineering services for the design, procurement and construction management of the Tintaya copper mine in Peru. The Export Development Corporation and a syndication of international financing institutions signed a \$215 million (U.S.) financing agreement with the government of Peru, opening the way for additional export sales of mining equipment and services from Canada.

2) I also want to mention a recent sale that demonstrates the way in which government and exporters can work together to be successful in export markets. You are aware that Bombardier [a vehicle manufacturing company] recently won the contract to build cars for the Mexico City subway. Not only was Bombardier competitive in price, quality, delivery and after-sale service, but the new mixed credit financing introduced by our government ensured that Bombardier was able to bid on an equal footing with the competition from France. This \$150 million project places Canadians in an excellent position for other upcoming subway projects in both Mexico and abroad. Additionally, Bombardier demonstrated their competitiveness in the United States with a sale of \$112 million of railcars and associated services to the New Jersey Transportation Department.

Export performance must improve

While our trade export performance has been good, and while we still have certain advantages, we all know that competition is fierce, not just from the Brazils, Koreas and Mexicos of this world, but also from our traditional competitors. We can't just sit still and admire our past performance, because all available evidence indicates that economic growth in Canada will continue at less than historical rates. The achieve-

ment of economic development and job creation in Canada will, to a large degree, depend on improved export performance.

Opportunities will continue to exist in our traditional markets such as the United States, Japan and Europe, but my colleagues and I are convinced that the opportunities in the 1980s for many firms will lie in regions where Canadians have not historically been as aggressive as we might.

As you are aware, investments by newly industrialized nations in infrastructure, the construction of industrial plants, social requirements and agricultural developments will provide opportunities for a variety of Canadian goods and services.

With the volume of world demand continuing to grow faster than world production, the reality of interdependence has become increasingly apparent to all members of the international community. What is particularly striking is the increasing involvement of developing countries in the world economy. In 1979 the total value of their imports and exports (including oil) represented close to 25 per cent of the total value of world trade. According to the World Bank, moreover, developing countries are projected to contribute over a quarter of the increase in world production between 1980 and 1990, and to account for nearly 30 per cent of the increase in world trade over the same period.

It is factors such as these which underlie the importance that Canada has attached to the North-South dialogue. Our objectives are not simply humanitarian — although the search for social justice is a strong Canadian motive. It is a question of mutual interest. Developing countries, especially the newly industrialized countries, represent major new markets for Western economies, including Canada's.

If their potential is to be maximized, we must first help them to achieve this potential. We must work together to ensure that the international economic system is one that operates to our collective benefit. In the trade sector, Canada believes this is best accomplished by the pursuit of an open international trading system and by increased involvement of developing countries in the General Agreement on Tariffs and Trade (GATT). These will continue to be our basic objectives in North-South negotiations, including any eventual global negotiations, as well as at ongoing conferences such as the forthcoming GATT ministerial meeting.

Value of aid program

The Canadian program of aid remains a critical input in support of efforts of less developed countries to promote growth and development. Too often this aid program, which amounts to some \$1.5 billion a year, is seen to be an eloquent expression of our country's generosity, but a dead loss for the Canadian economy. This is actually not true at all.

Our aid program is a useful means of opening new markets for our products and

technology. In the main countries of the Caribbean, Latin America, Asia and Africa, where until quite recently Canada had very little involvement, we are now known to be a valuable partner, thanks to our aid program. In many Third World countries, this same program has carved out a place in the market for Canadian capital equipment. I am thinking, for example, of companies like Bombardier and De Havilland. Consulting firms such as SNC, Lavalin and Gaucher-Pringle-Carrier have used the aid program as a springboard to increase and diversify their activities in the developing countries. And the names of the Quebec companies that I cited among the beneficiaries of the aid program were not there by accident. Globally, some 40 per cent of the service contracts signed in Canada by the Canadian International Development Agency are awarded to companies located in Greater Montreal.

In addition, the Canadian contributions to the various international organizations, such as the World Bank and the regional development banks, provide favourable conditions for Canadian companies bidding on large multilaterally financed projects. However, we still have some distance to go before we obtain our fair share of this enormous market.

In general then, our export companies and consulting firms have been helped in a direct and significant way by Canadian aid. Recently, the federal government has made decisions aimed at making the aid program even more relevant and more useful to business. Last year, we agreed to allocate 20 per cent of our assistance to the medium income countries, where the trade spin-offs are the most attractive. Moreover, a new industrial co-operation program has been set up to encourage Canadian companies to start up in the developing countries or to extend their operations to them; with this in mind, the program finances studies, arranges investment missions, and provides technical assistance for the commercial and industrial sectors of the developing countries.

Economic co-operation

During my official travels in the Third World, and more recently on my visit to Tunisia and Morocco at the beginning of the month, I have gone to some lengths to let the leaders and businessmen whom I have met know that economic co-operation cannot be a one-way street. We have invested much in the development of these countries. Whenever they can provide a better product at a better price, Canadian companies are entitled to a fairer share of the market. This clear, unambiguous call for mutually profitable economic co-operation was appreciated by those who heard it, and also, I believe, by the delegation of Canadian businessmen who accompanied me.

Moreover, there is a close relationship between development assistance and exports. It would be misleading to say that exporting is easy. The challenge is to utilize our skills and capabilities in areas where we have developed particular expertise and to take advantage of it in the world markets in the face of intense competition. The initial decision to export, and subsequently to enter new markets, is not one to be taken lightly. To be professional, exporters need to make a long-term commitment

of organizational resources, both financial and human, and to vigorously pursue specific markets.

My government actively supports export market development. We work closely with the trade development departments of provincial governments. Federal trade officers abroad, in Ottawa and in the regions are prepared to help you to identify markets and potential buyers.

I can assure you that businessmen will continue to have direct access to trade officials and such export assistance programs as the Program for Export Market Development (PEMD) and the Promotional Projects Program in the new department. The PEMD budget has increased from \$9 million in 1980-1981 to \$17.0 million in 1981-82 and the Promotional Projects Program has an 8.6 million active schedule of fairs and missions.

Export financing

My government will adapt its programs as required to changing world conditions, to assist you in your marketing efforts. The Export Trade Development Board has been established to advise the government on all matters relating to exports. As you may know, the Board is composed of both private and public sector members. Since its establishment last summer, the Board has made recommendations to the federal government on such issues as the National Trading Corporation, an export awards program, COSTPRO, Western rail capacity, and the secondment of trade officers to small- and medium-sized business. My comments would be incomplete without mentioning the crucial role of export financing. Last year, EDC helped exporters to conclude sales totalling \$1.4 billion through their loans program. My government does not support the predatory financing that has been offered by some of our competitors. However, we are prepared to offer a blending of commercial and aid funds if there is evidence that your competitor is offering mixed credit financing. In addition, trade officers will be seconded to the regional offices of the Department of Regional and Industrial Expansion to ensure close contact with the exporting community.

Government departments reorganized

The recent reorganization of a number of government departments further exemplifies my government's desire to strengthen our international capability. The changes recognize that trade is an activity encompassing all sectors of the Canadian economy and one that requires full reflection in our international relations. The reorganization announced by the Prime Minister does this by linking the trade functions previously performed by the former Department of Industry, Trade and Commerce with the existing responsibilities of External Affairs to form a drastically restructured Department of External Affairs. The new department will offer greater scope for dealing with Canada's many political and economic interests abroad. Trade and economic matters will be a primary focus of the new department. Canada's representatives abroad will give higher priority to promotion of our trade interests. This is a necessary response to changing conditions in international trade. Export marketing and financing are becoming more competitive and complex: low wage countries are

broadening their range of exports; highly industrialized countries are providing fierce competition in manufacturing and high technology areas; world trade is being further liberalized, and state-to-state trading is growing in importance. It is with these factors in mind that the Department of External Affairs has been reorganized to aggressively pursue international export markets for resource products, manufactured goods and services that are produced in every region of the country.

I know that exporting is highly competitive, often complicated and requires a special commitment. I want you to know that my colleague, the Honourable Ed Lumley, and I are prepared to assist you in any way we can. Please feel free to call on me or one of our officials at the Department of External Affairs. We're at your service.

S/C



Statements and Speeches

No. 82/8

CANADA'S CONCERN FOR PEACE IN THE MIDDLE EAST

Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Canada-Israel Committee, Ottawa, March 31, 1982

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Down through history, the Jewish people have had their right to live, to be one people challenged repeatedly. They have met threats to their very existence in the form of a monumental obscenity against mankind, the holocaust. Many in Canada and many now living in Israel know that horror from personal experience. But most Jews have been touched by it in some way, either directly or as a result of the loss of family or friends. Whether they have undergone that trauma themselves or grown up with that dark cloud of history as a background darkening their lives, all Jews see Israel as a land of their dreams. Those who have taken up new lives in Israel have made this homeland a green and pleasant land. Those who remain in the Diaspora (I am sure I can say without exception) look to Israel for spiritual leadership and for inspiration. And, in turn, they try to make their contribution to the new Israel that is taking shape.

Those of us who regard ourselves, and I hope are regarded, as friends of Israel are aware of the deep desire of Israelis, finally to live peacefully and to be able to carry on the religion, philosophy and culture that has brought them through centuries of adversity. As friends, our aim has to be to make some contribution to that peaceful goal in what we say and in what we do.

We cannot forget the sacrifices Israel has made and is making in the search for peace. In just 25 more days it will be giving witness to the true extent of its commitment to peace when it withdraws from the Sinai peninsula. There have been many obstacles for the Israeli government to overcome in reaching this stage, and in the days that remain before the withdrawal is concluded, there will probably be more.

The original decision to return the Sinai to Egypt was a momentous one for Israel. It was courageous as well, because it involved giving up strategically and economically important advantages that it had enjoyed for a number of years.

I appreciate Israel's concerns about what the future holds in store after April 25. There has been great disruption in the lives of those who had built new homes for themselves and their families in the Sinai Desert, never imagining that peace between Israel and an Arab neighbour would be possible in their lifetime. The extent of the trauma that peace with an Arab neighbour could create within Jewish society is only now being fully understood, as Jew must confront Jew, to ensure that the terms of the peace treaty are respected.

The withdrawal from the Sinai is just one stage in the peace process, of course. There are continuing efforts under the Camp David accords which Israel has committed itself to making, together with Egypt, to reach agreement on West Bank autonomy for the transitional period before the permanent status of the West Bank and Gaza Strip is settled. There is also the process of normalization of relations to which both Israel and Egypt are committed. We believe it is in everyone's interest that these aspects of the Camp David peace process be strongly supported, and we have given them our support from the very beginning. Efforts in both these fields must succeed, so that eventually the Palestinian problem, which the parties to the Camp David accords are trying to grapple with, can be resolved and so eliminated as a source of conflict between Arabs and Israelis.

**Problem of
establishment
of settlements**

However, we have frankly to say that Israel has recently created problems for itself and for its friends. At the heart of these problems are the measures it has taken in its search for security and national fulfilment. These include the continued establishment of settlements in the occupied territories and the passage of the Jerusalem and Golan Heights laws — actions which are perceived as laying permanent claim to territory acquired by force.

We and most other countries have strongly opposed these measures, which we view as contrary to international law and which make the achievement of a just and lasting peace in the area — and support from Israel's friends — all the more difficult.

Of course, we continue to support Israel on other questions, or even on other aspects of these questions. At the Emergency Special Session of the United Nations General Assembly on the Golan Heights when Israel's standing in the United Nations was questioned, we regarded this move as running counter to the principle of universality, and we therefore voted against it, even though we strongly opposed the Israeli government's own action.

I cannot see the efforts against Israel diminishing in the near future unless somehow the cycle of action and reaction can be broken.

Events such as those occurring now in the West Bank and the Gaza Strip, which we cannot but deplore, provide a classic example of the kind of escalation I am talking about, and contribute to international deterioration of Israel's position. As I pointed out in a statement on March 25, "If not checked, such violence could not only create further obstacles to the success of the autonomy negotiations but could also have far-reaching consequences for stability and peace in the region." In the end, such policies of relying on force rather than political persuasion in reaching a solution to the conflict do not serve the interests of peace.

For this reason, I called on all those involved in the latest events to exercise restraint and avoid provocation and violence.

In my view, and I said this in my statement, the situation once again points to the need for a negotiated resolution of the dispute. The basis for such negotiations must be Security Council Resolution 242 with its careful balance of obligations on the two contending sides: for the Israelis withdrawal from territories occupied in 1967; for the Arabs, acceptance of the right of all states, including Israel, to live within secure and recognized boundaries. We believe there has to be explicit Arab recognition of Israel's permanence and legitimacy, if there is ever going to be any progress in achieving a settlement. But we believe, too, that the legitimate rights and concerns of the Palestinians have to be realized, including their right to play a full part in negotiations to determine their future and their right to a homeland within a clearly defined territory, the West Bank and the Gaza Strip.

For the moment, attention is focused on the more limited negotiations for a transitional period of autonomy for the West Bank and the Gaza Strip. The best guide here is the Camp David Accord: "The solution from the negotiations must also recognize the legitimate rights of the Palestinian people and their just requirements. In this way, the Palestinians will participate in the determination of their own future...." I think the difficulties being experienced in these negotiations come down to the fact that both sides are making efforts to stake out their final positions on the ultimate status of the occupied territories.

Israel has taken a number of unilateral measures, that have a direct bearing on this question which has, in the end, to be negotiated if there is to be a just and lasting peace.

Israel's Arab antagonists have been trying, in their own way, in some cases through unacceptable terrorist actions, through a refusal to negotiate with Israel, and through one-sided and polemical UN resolutions that have become increasingly strident and uncompromising, to gain international acceptance of certain principles, thereby laying the groundwork for the kind of ultimate settlement they would like to see. In the process they have taken advantage of Israel's unilateral actions regarding the occupied territories and have managed to isolate Israel, in some cases even from its friends, despite the many objectionable features of the resolutions presented. We have expressed our strong concern about the tendency, which we find disturbing, of escalating from one year to the next, the polemical and extreme demands in the various resolutions relating to Israel, and we try to moderate the debate and keep the door to a settlement open.

While I have to admit to some concerns about the prospects for the peace process, I am not entirely pessimistic. There have, after all, been some important positive developments. Israel's withdrawal from the Sinai, in particular, is of fundamental significance because it provides graphic proof of the possibility that Israel and its neighbours can reach agreement if the will is there on both sides. It is up to us to build on that accomplishment.

Canada's role

I think the most important contribution Canada can make in the search for a way out of this continuing conflict is to maintain our channels of communication with both sides. I was glad to see that in the brief which the Canada-Israel Committee (CIC) representatives left with me last November this kind of role was endorsed. In maintaining a balanced and principled point of view, we have to understand and respect the genuine interests and concerns of both sides in this conflict and to take them seriously into account.

I have had various occasions to talk with representatives of Israel and the Arab countries in my efforts to understand their point of view and to impress on them Canadian views.

Canada is well-placed to pursue these exchanges in efforts to build a peaceful world in which Israel and its Arab neighbours can live together in security. I am happy to say that in our contacts with Israel we have been able to speak openly and frankly together. Our bilateral relations have always been close and intimate. Much of the contact between our two countries, of course, takes place automatically and naturally at the private level, but our governments reap the benefits of the good rapport created in this way.

We have built on these private contacts and, over the years, have developed an extensive and perhaps unexpected framework of agreements and understandings to give further encouragement to co-operation in a wide variety of fields — trade, agriculture, industrial research, health, cultural relations and film-making. Our co-operation has even extended to tripartite co-operation as a means of bringing Israeli and Canadian experience to the service of mankind in developing countries.

Ministerial visits have been helpful in extending and deepening our relations with Israel in the past. The possibilities for such visits were more limited during the election periods in Canada and Israel, but a few did take place and the pace has picked up again.

It has been my wish for some time to experience, even if briefly, the unique atmosphere of Israel, which I know only at second-hand, so that I would be better placed in my discussion of Middle East issues. I hope I will have an opportunity to take up a long standing invitation to visit Israel in the not too distant future. There are a lot of things to discuss at this state in Canada-Israeli relations and in Israel's relations with the other countries of the Middle East and the world.

CIC's contribution

I think the CIC has made a vital contribution to this process of understanding. During my periodic talks with your representatives, the spotlight, of course, is usually on the Canadian government's perceptions of the problems of the Middle East and its policies on these issues. I dare say, however, that the CIC also has a keen interest in the perceptions and policies of the Israeli government, particularly as they impinge

on our bilateral relations, and that the CIC's view of things also finds its way to the Israeli government through the many contacts it has with Israelis.

I commend your actions to make Canadian policy better known and understood in Israel to ensure a flow of information and views in both directions. This kind of dialogue, or should I say "trialogue", is in the best tradition of the openness, frankness and cordiality which has marked the Canada-Israel relationship over the years.

It is of vital importance to us that our position on the Middle East peace process be clearly understood. In the welter of issues and events, one thing has always remained constant, and it is a fundamental point: Canada's strong commitment to Israel's existence, legitimacy, security and well-being. This is a basic element of our Middle East policy and I expect it to remain so.



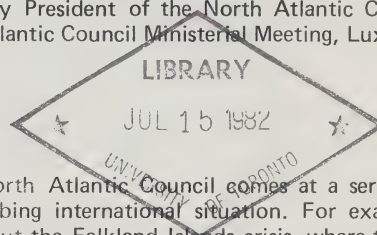


Statements and Speeches

No. 82/9

ATLANTIC ALLIANCE DEDICATED TO THE PRESERVATION OF PEACE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, in his Capacity as Honorary President of the North Atlantic Council, to the Opening Session of the North Atlantic Council Ministerial Meeting, Luxembourg, May 17, 1982



...This ministerial session of the North Atlantic Council comes at a serious time, against the background of a disturbing international situation. For example, we cannot but be gravely concerned about the Falkland Islands crisis, where the United Kingdom is defending the basic principle of the non-use of force to settle international disputes. A series of meetings has been scheduled over the next few months which will have an important bearing on the nature of the East-West relationship in the years to come. Our own meeting presents us with the opportunity to lay the groundwork for our heads of state and government when they meet in June and for the second United Nations Special Session on Disarmament in New York. These meetings will serve as occasions for taking stock of the present international situation and for exploring the path of future East-West relations.

The challenge

What are we up against today? What is the challenge facing us? There is no doubt that the hopes and expectations attached to *détente* in the 1970s have been badly shaken by such actions as the Soviet invasion of Afghanistan and the Soviet role in the imposition of martial law in Poland. But in my view *détente* is a process, not a policy, and the fact that the process has run into trouble does not necessarily mean all our past policies were wrong. If *détente* has run into trouble, it is not only because of the Soviet aggression; it is also because of disagreement between East and West over what could be expected from *détente*. Even within the West, there is disagreement on this.

For the East, *détente* represented a way of continuing the ideological struggle by all means short of war, while obtaining the maximum benefit from co-operation with the West, in particular access to western technology and credits, some of which in turn were devoted to improving the U.S.S.R.'s military capability.

For many in the West, on the other hand, *détente* represented easier, more normal East-West relations and reduced tensions, with tangible benefits not only in trade but also in the area of human contacts, family reunification and human rights. Unfortunately, we in the West were unable to succeed in ensuring that the relaxation of tensions was accompanied by restraint on both sides, that benefits were really reciprocal, and that unacceptable Soviet behaviour would inevitably affect the quality of the relationship.

In sum, however, I think it is a reasonable assessment that the *détente* process did open up eastern Europe to improved contacts with the West, did create the possibility of developing mutual confidence, and did reduce the risk of conflict in Europe. Nor should we make light of its remaining assets, which include an extensive framework of East-West negotiating forums such as the Conference of Security and Co-operation in Europe review meetings and arms control and disarmament talks, and a continuing dialogue between the super powers as exemplified by the possibility of a summit meeting later this year between Presidents Reagan and Brezhnev. But we must ensure a firmer foundation for the *détente* process if we are to achieve a more constructive, secure and durable East-West relationship.

Vital to such an achievement is a united alliance, able and willing to negotiate from a sense of strength and confidence. We demonstrated that we were capable of achieving such unity of purpose at our January 11 Special Meeting of the Council, at which we condemned the imposition of martial law in Poland. We have shown our resolve in our continued support of the 1979 two-track decision on the modernization of intermediate-range nuclear forces in Europe, a decision which has already borne fruit by bringing the Soviet Union to the bargaining table in Geneva.

Importance of consultation

Fundamental to the achievement and maintenance of alliance solidarity and sense of common purpose is adequate consultation among members. Ideally, consultation should seek at the outset to produce agreement on common objectives on the basis of joint assessment. But given the diversity of national interests, we should not always expect consultations to produce common policies. Consultations will, however, greatly increase the chance that conflicts of interest can be reconciled and policies harmonized. Nor ought consultations be limited solely to the threat to alliance interests posed by Soviet behaviour in the NATO area. Recent events have brought home to us again how out-of-area developments can affect us, and how important it is for members of this alliance to consult closely to define shared objectives whenever our interests are at issue. This is vital when individual allies are in a position to respond to requests for assistance in protecting the security of countries outside the NATO area. In such consultations, of course, it is not only the larger powers but also the smaller and middle-power members of the alliance who have a role to play.

We continue to face a challenge at home as well — that of ensuring that our publics understand and support our policies. In my address to you as Honorary President last December, I stressed my conviction that we had to do a better job in this respect. The need is no less clear today. It is characteristic of our free societies that our people have the right to be informed about our policies and the reasons for them, and equally important, have the freedom to express their opposition should they not agree. We cherish these rights and freedoms. Indeed they represent an essential difference between our open society and those of the closed Soviet system.

We have to take account of domestic public opinion, which in turn is influenced by

that of the international community. The Soviet leaders do not. They can even insulate domestic opinion from international opprobrium. For example, when the U.S.S.R. suffered a crushing defeat in the United Nations General Assembly vote on Afghanistan, the Soviet government saw to it that this news was never reported in the Soviet Union. But if ours is the more difficult kind of society to govern, it is also in the long run stronger and more enduring, when it is supported by a widespread national determination based on deeply held conviction.

**Alliance
message**

Last December we agreed on the need to convince our publics that the alliance's 1979 two-track decision was the necessary answer to the threat stemming from the build-up of Soviet nuclear forces in Europe. We saw that the peace movement had to be persuaded that the real campaign for nuclear disarmament must be waged not in the streets but at the bargaining table. We have had some success — and in this context I commend the international staff and the national delegations for their preparation of the NATO and the Warsaw Pact Force Comparison Paper — but we have hardly yet begun our efforts. In particular our publics must be constantly reminded that arms control forms an essential component of alliance security policy. Otherwise what is now a relatively small minority will continue to win converts to their "enough-is-enough" argument and to such simplistic solutions as a freeze and non-first use of nuclear weapons.

The argument that there are already sufficient weapons to destroy civilization many times over and, therefore, that all systems should be frozen at their present levels is deceptively attractive, and easily communicated to the uninformed. So is the apparently reasonable proposition that both sides should pledge not to use nuclear weapons first. Ours is a more complex message so we must exercise greater skill in communicating it.

Our message must be that the Atlantic alliance is dedicated to preserving peace, to renouncing the use of force to settle disputes, and to making the world a safer place. We must make it clear that for the West to accept "quick-fix" solutions, unilateral disarmament or any type of weapons freeze that perpetuates a superiority for the Warsaw Pact would more likely increase the risk of conflict than reduce it, and would leave us open to the danger of Soviet intimidation. Our message must also be that we are against the first use of force. Hostilities once begun create their own destructive and uncontrollable momentum.

**Two-track
NATO
security policy**

NATO security policy, proven successful for more than 30 years, is to maintain a combination of conventional and nuclear forces at the level necessary to demonstrate that aggression in the NATO area would not pay. But this is not all. A further component of our policy is that we are also committed to reduce through realistic, balance and verifiable agreements the level of both NATO and Warsaw Pact forces. Defence and deterrence on the one hand, and arms control and disarmament on the other, are two sides of the same security coin. They cannot be safely separated.

**Security is
collective**

They should not prudently be pursued in isolation from each other. It is through their mutual pursuit that we shall achieve balanced security.

We have to make all this clear to our publics. We must also explain to them just how each of our countries contributes to, and participates in, NATO's security policy. They must be reminded that our security is a collective one, and that the nuclear dialogue engages the interest of all of us. We all supported the December 1979 "two track" decision, and we have all through our membership in the Special Consultative Group played a role, under the lead of the United States, in designing the alliance's strategy for the Geneva talks.

Support for the two-track policy can of course take different forms. For our part, although intermediate-range missiles will not be stationed in Canada, we are negotiating with the United States an agreement under which unarmed *Cruise* missiles would be tested in Canada. Our purpose is to assist in the development of an improved deterrent posture for the alliance, and to contribute an additional incentive for constructive arms control negotiations.

Inevitably, arms control in one area and in one type of force is related to arms control in other areas and other types of force. I warmly welcome the recent announcement by President Reagan of United States' readiness to begin negotiations on strategic arms this summer. I applaud the United States' determination to seek radical reductions and support the emphasis on reducing destabilizing systems. I also welcome the United States' willingness to keep its allies fully informed and to consult them at every stage of the negotiations.

President Reagan's Intermediate Range Nuclear Force statement on November 18 and now his Strategic Arms Reduction Talks proposal of May 9 are up to this point the principal evidences of our collective disarmament policy, as expressed by the leading member of our alliance. We must underline them in every way possible, and communicate their seriousness as strongly as possible. For our publics, as well as for the world at large, the resulting negotiations will be a demonstration of our good faith and a test of the good faith of the Soviet Union.

The negotiating task we are setting ourselves is not an easy one. But given the choice between an arms race, and long and difficult arms control negotiations, we would all prefer the latter — as would the other side I am sure. There can be no doubt that the West, with its vast wealth and superior technology, would in the long run win any arms race with the Soviet Union. But to us, the idea of dedication to an arms race is profoundly repugnant, a mark of poverty of spirit rather than of the greatness of spirit which is characteristic of the West. The West has far more to gain than to lose from a balanced and verifiable reduction in the present level of armaments. Our dedication is, therefore, to undiminished security at lower levels of armaments, to a reduction of tensions, and to a safer and saner world for all.

S/C



Statements and Speeches

No. 82/10

TECHNOLOGICAL MOMENTUM THE FUEL THAT FEEDS THE NUCLEAR ARMS RACE

An Address by the Right Honourable P.E. Trudeau, Prime Minister, to the Second United Nations Special Session on Disarmament, New York, June 18, 1982

The message Canada brings to this Assembly is not one of military strength or power. It is a message of peace which I bring you, a message which all countries, whether strong or weak, rich or poor, must make heard at the present time.

Only the deaf cannot hear the clamour arising all over the world against the arms race. In some countries, people's anguish and anger are freely expressed. In some others, people's voices are muffled by repression, but can still be heard by us.

In both cases, however, the message is clear. Men and women from every country are addressing a most urgent appeal to their leaders. They are telling us to seize the opportunity of the Special Session to start building a system capable of restraining the suicidal rivalry in which we are stuck.

As we contemplate the business at hand, we must remind ourselves that disarmament is not simply a technical matter; it cannot be isolated from the world context. If we want to know why so little progress has been made in the four years that have elapsed since our first Special Session, we can do no better than to cast our minds back to some of the events that have erupted on the world scene over that period — particularly recently — and to wonder what has happened to the Charter. As Chancellor Schmidt pointed out earlier this week, the Charter is international law. In adopting it, each and every one of our countries has made it part of our national law. The Charter lays down, as a prime requisite of world order, that "all members shall refrain in their international relations from the threat or use of force" in any manner inconsistent with the purposes of the United Nations.

The plea is made, from time to time, in favour of an undertaking of non-first use of nuclear weapons. I have no quarrel with those making the plea, who are serious persons concerned about the horrendous implications of the outbreak of nuclear warfare.

However, the Charter lays down that there shall be no first use of force — any force. This law binds all of us. I can see no need to re-enact the Charter. In fact, I can see enormous pitfalls in trying to diminish the Charter in one of its central affirmations by seeking to set an order of precedence among the various manifestations of the use of force.

Security the key to disarmament

But let us recognize that arguments about first use do not really go to the heart of the matter. The real problem before us is how to break the arms spiral. We will not do that in circumstances where any of the parties feels deficient in its security. We arm out of fear for our security and we will disarm only if we are convinced that the threat to our security has abated. Arms control, to be viable, must increase security, not reduce it.

Security, unfortunately, is an elusive concept. It is not only a matter of weaponry. It is also a matter of perception. When each side acts in ways which the other perceives to be threatening, the gulf of suspicion widens between East and West.

But the shadow that overhangs all arms-control negotiations and has led to the unravelling of some, comes mainly from the fact that we are dealing with an array of very different weapons systems in circumstances where technological innovation tends to overtake a negotiation even while it is in progress.

I believe that we must reconcile ourselves to the notion that total security is not achievable for any country in today's world. An attempt to achieve it can only result in everyone else feeling insecure. In a world where nations are interdependent in so many of their dimensions, security cannot be argued as a purely national proposition.

It has always been a useful precept of diplomatic negotiation that the outcome must take account of the legitimate interests of both sides. Arms-control negotiations are no exception. An attempt by one side to make strategic gains at the expense of the other will not, in the end, work. Only measures that increase mutual security are likely to offer a way out of the present paralysis. In particular, the two super-powers must start with the recognition that each has strategic interests and the strength to protect those interests.

Nuclear issues

Those then, are the premises from which my discourse on disarmament will flow. I am going to use the time available to talk primarily about nuclear issues, not because Canada does not attach great importance to the negotiation of agreements on chemical weapons and conventional armaments — it does — but because the preoccupation of our publics today justifiably centres on nuclear weapons.

The nuclear arms build-up is causing anguish to many people in many parts of the world. They are disturbed by the rehearsal of nuclear scenarios in a deteriorating political climate. They are posing their own questions about reasonable definitions of security. They are reminding political leaders that what is at stake is the crucial matter of the life or death of mankind.

As prime minister of a country that, from the outset, renounced a nuclear weapons capability of its own, I understand full well the people's anguish and confusion. The nuclear debate is difficult and seems to pursue an inverse logic. It deals with power

that, by common consent, is unusable. It argues for more nuclear weapons in order that, in the end, there may be fewer. It perceives the vulnerability of cities and of human beings as an element of stability in the nuclear balance. And worst of all, the debate goes on without much evidence of any light at the end of the tunnel.

When we met in 1978, a dialogue on strategic arms limitations had been going on between the major nuclear powers for several years. A comprehensive nuclear test ban seemed on the verge of conclusion. It never was concluded. Subsequently, another negotiation — SALT II — was concluded. It has not been ratified.

I do not believe it would be productive at this time for the Assembly to try to apportion blame for those failures. I remain convinced that both the major nuclear powers are intent on dissipating the threat of nuclear confrontation.

Positive developments

In this regard there are some positive developments. Negotiations to reduce intermediate-range nuclear forces (INF) began, as we know, late last year and, following President Reagan's "Eureka" initiative the long-awaited talks on limiting and reducing strategic arms will resume in a few days. All of us have an enormous stake in these negotiations; failure to reach an early satisfactory conclusion could have dramatic consequences. Let me illustrate this assertion.

Since the first Special Session, a new generation of intermediate-range missiles has been deployed by the Soviet Union. Three hundred SS-20s now pose a threat to Western Europe. The alliance to which Canada belongs has decided to counter the Soviet threat by deploying new *Pershing II* and ground-launched cruise missiles; and at the same time to engage the U.S.S.R. in negotiations aimed at setting limits on the systems of both sides at the lowest possible level.

It follows that unless the negotiations accomplish their objective by late next year, new weapons of terror will be added to the North Atlantic Treaty Organization (NATO) arsenal. Having attended the NATO summit meeting last week in Bonn, I can testify that we passionately want these negotiations to succeed in removing the current threat and thereby obviating the need to deploy new missiles of our own. But what will be the position of the Warsaw Pact countries? I must assume that they too will negotiate in good faith. I would add, however, that they would be ill-advised to assume that public demonstrations in the West will weaken our negotiating position.

Massive demonstrations in protest

True, hundreds of thousands of demonstrators in Western Europe, in Canada, and here in New York last week have taken pains to express the extent to which a renewed arms race is fundamentally repugnant to their values. In many ways, I suppose most of us in this Assembly agree with them. That similar demonstrations have not taken place in Eastern Europe does not, I think, suggest that the people of the member countries of the Warsaw Pact are any more comfortable with the prospect of mutual incineration; rather, it may be due to the fact that they are denied not only

the right to express publicly their views but, indeed, to acquire the knowledge and understanding on which such views might be founded. It would be a grave miscalculation were the Soviets to misinterpret the very strength of our democratic system as a demonstration of weakness of our resolve.

It is with considerable conviction, therefore, that I call on the INF negotiators to achieve real progress within the limited time remaining so that in this instance the armaments spiral will not be allowed to proceed a twist (*sic*).

In seeking to arrest the arms race, the problem that continues to preoccupy me is the technological momentum that lies at its root. We must come to grips with that problem, which was the central point of my presentation to this Assembly four years ago. Let me return to it briefly.

I start with the proposition that all new weapons systems are potentially destabilizing. That is because such systems will heighten concerns about a disarming first-strike capability, or will tend to blur the difference between nuclear and conventional warfare, or will increase the problems of verification.

Suffocation strategy

Instability is the fuel that feeds the nuclear arms race. That is why, four years ago, I put before this Assembly a "strategy of suffocation" designed to deprive the nuclear arms race of the oxygen on which it feeds, from the laboratories to the testing sites.

The main elements of the strategy had long been familiar features of the arms-control dialogue: a comprehensive test ban; a halt to the flight-testing of all new strategic delivery vehicles; a cessation of the production of fissionable material for weapons purposes; and a limitation, and eventual reduction, of military spending for new strategic weapons systems. It was in the combination of these elements that I saw a more coherent, a more efficient and a more promising instrument for curbing the nuclear arms race.

But the strategy was never meant to be applied unilaterally. It always envisaged negotiated agreements between the nuclear powers. All elements of the strategy would probably not fall into place at once. But all were essential if the strategy were to have its full effect: the halt of the technological momentum of the arms race by freezing at the initial or testing stage the development of new weapons systems.

While I continue to believe that such a technological freeze is fundamental to controlling the arms race, I would now propose, however, that it be enfolded into a more general policy of stabilization. I do not consider the strategy of suffocation to be in competition with current negotiations or with negotiations shortly to commence. Indeed, I believe that the more successful these negotiations are, the more likely will they need to be entrenched in agreements along the lines I have proposed.

The impact of the current and proposed negotiations, if they succeed, will be to produce a stable balance at a much lower level of armament. It will involve not only important quantitative reductions, but a qualitative change, in that destabilizing systems will have been reduced. We will be dealing not only with a balance at lower levels but with a different kind of balance, in that it will be more stable.

Thus a policy of stabilization has two complementary components: the suffocation strategy which seeks to inhibit the development of new weapons systems, and our current negotiating approach aimed at qualitative and quantitative reductions in nuclear arsenals designed to achieve a stable nuclear balance at lower levels.

Outer space weapons

Before I leave the subject of suffocation, I must underscore the urgency of coming to grips with the development of new weaponry for use in outer space. Twenty-five years ago, the first man-made satellite was launched. That event marked a leap in man's mastery of the earth's environment. Fifteen years ago, it did not seem premature to close off the possibility that space might be used for other than peaceful purposes. But today, the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space is patently inadequate. That is how quickly, in today's world, science fiction becomes reality.

The treaty lays down that nuclear or other weapons of mass destruction are not to be placed in orbit, around the earth or stationed in space. In retrospect, that leaves loopholes which risk being highly destabilizing. I am thinking particularly of anti-satellite weapons or anti-missile laser systems. I believe that we cannot wait much longer if we are to be successful in foreclosing the prospect of space wars. I propose, therefore, that an early start be made on a treaty to prohibit the development, testing and deployment of all weapons for use in outer space.

Process of verification

Of course, the whole edifice rests on key assumptions about verification, and it is to the theory and practice of verification that we must increasingly give attention.

Openness is central to the process of verification. But here, too, technology has taken us well beyond the notions about openness that were prevalent only 25 years ago. When we speak of verification by "national technical means", we have in mind the vast range of activity that is detectable by the magic eye of highly sophisticated satellites plying their intrusive orbits around the globe. I sometimes wonder whether we realize the immensity of the leap we have made; and whether a certain reluctance in accepting the rigours of verification is not an insufferable anachronism.

Verification is not only a matter of access. Verification entails a technology of its own that differs from weapons system to weapons system. Therefore, ideally, the work on verification should prepare the way for arms-control agreements that still lie ahead; otherwise, problems of verification will inevitably prevent the conclusion of even well advanced arms-control negotiations. In this context I am encouraged by the

positive approach to verification procedures contained in the remarks of the Soviet foreign minister earlier this week.

However, given the complexity and characteristics of many modern weapons systems, so-called national technical means may not be adequate for verifying arms-control or disarmament agreements. Consequently, the international community should address itself to verification as one of the most significant factors in disarmament negotiations in the 1980s.

**Canada commits
more funds**

In Canada we are allocating increased funds for arms-control and disarmament initiatives. This decision will allow us to take two important steps. First, we are committing resources to enable Canada to become a full participant in the international seismic data exchange, the international verification mechanism which will form part of the provisions of a comprehensive test ban treaty. We believe that the exchange should be fully operational at an early date and in advance of the treaty. Secondly, we will substantially increase research in verification. To develop effective verification procedures, Canada will be devoting more attention to utilizing expertise available inside and outside government.

In the course of this Session, many good proposals will have been put before us, including those in the Report of the Palme Commission, which has made a significant contribution to public awareness and understanding of the issues. I have tried, from a Canadian perspective, to make a number of precise proposals of my own, in the context of a policy of stabilization. These are designed to ensure stability in the arms balance at the lowest possible level by removing destabilizing weapons systems, reducing those systems allowed to remain, and preventing the introduction of new destabilizing systems.

In the process of sifting the proposals before us, I hope that the Special Session will concentrate on what, with goodwill, is achievable. This Assembly has a right to expect sincerity of purpose and a determination to achieve concrete results on the part of all participants. A particularly heavy responsibility rests with the two super-powers. They must give their undivided attention to negotiations to reduce their arsenals of nuclear weapons and should not deviate from that central objective by imposing political preconditions.

This implies that the super-powers agree to communicate, to talk to each other, and to recognize the unquestionable common-interest which unites them in a fundamental way; that is, the need to avoid a catastrophe which would destroy them both.

When the security of the world and the fate of the human race are at stake, all governments have a duty to raise their voices on behalf of the societies they represent. Above all, they have a duty to bring to an end our collective impotence in the face of nuclear peril.

"The highest form of hope," said Bernanos, "is the overcoming of despair." That is what is demanded of us by the millions of men and women who are alarmed by the arms race and the prospect of a nuclear holocaust.

The most unpardonable failure of this Assembly would be to kill, by inaction, the hope in people's hearts. For, in the face of the demented threat of a resumption of the nuclear arms race, to kill hope in the possibility of disarmament is, in a very real sense, to risk killing life itself.

THE UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C.

TO THE HONORABLE THE SECRETARY
OF THE AGRICULTURE

SIR:

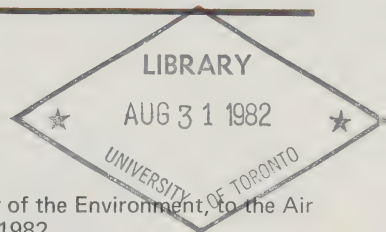
I have the honor to acknowledge the receipt of your letter of the 10th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

Very respectfully,
Your obedient servant,
J. H. [Signature]



Statements and Speeches

No. 82/11



ACID RAIN: A SERIOUS BILATERAL ISSUE

An Address by the Honourable John Roberts, Minister of the Environment, to the Air Pollution Control Association, New Orleans, June 21, 1982

My 1980 speech was devoted to a single topic, acid rain. It was a call to action, it stressed the urgency of dealing with a problem that you as experts are all too familiar with, and it was a plea for both our countries to jointly meet the environmental challenges that confront us in the Eighties. I sincerely wish that I could come to New Orleans and offer congratulations all around on the wonderful job that is being done to combat the menace of acid rain. Unfortunately, this is impossible.

In Canada we are deeply disappointed with the state of negotiations between my country and the United States government on acid rain. The foot dragging and interference in the development of scientific information has reached frustrating proportions. The Administration's rejection of our proposal to reduce sulphur dioxide emissions in eastern North America by 50 per cent by 1990 and a clear indication that it may be some considerable period of time before it will be able even to begin to discuss control actions, is a bitter pill for us to swallow.

The latest obstacles, which occurred less than one week ago at a negotiating session in Ottawa, are forcing us to an agonizing reappraisal of the usefulness of continuing discussions.

Our emission-reduction proposal was drawn from the same science that U.S. negotiators have drawn diametrically opposed conclusions. On a *per capita* basis, our proposal is more costly to Canadians than to Americans. We are willing to put our money where our mouth is. I can only conclude that the values and factors influencing Canadian decision-making are considerably different from those in the U.S.

Some of you must think that I am beginning to sound like a broken record. Shall I reiterate the grim facts for you? That in our province of Ontario a recent survey showed 48 per cent of 2 000 lakes surveyed to be very sensitive to acid rain. That, conservatively, in Norway and Sweden, fish life has been destroyed in more than 6 500 lakes. That, according to a Congressional study, one out of every four streams and lakes in the northeastern United States has already been damaged by acid rain. That evidence continues to mount as to the multi billion dollar threat that acid rain poses to our soils and forests, even to our buildings and monuments.

My arguments in Montreal in 1980 were encapsulated in an October 16, 1981, editorial in the *Washington Post*:

"Enough is known about acid rain to put an end to debate over whether the phenomenon is real, man-made and damaging. It is all three. The important area for action now is how best to go about reducing sulphur and nitrogen oxide emissions, and how fast".

**More public
awareness
in Canada**

Precisely. This is the problem that still faces us now, as it faced us two years ago. One of the items on the bright side, however, is that at least we have made some progress in terms of public awareness. In Canada, only 5 per cent of our population is unaware of the threat of acid rain, and a staggering 77 per cent of Canadians view acid rain as our most serious and pressing environmental problem.

Yet, incredible as it must seem to you scientists and experts in the field, there are those who still insist that acid rain poses no immediate threat, and that it should be a subject merely for further research, not quick action.

The so-called scientific case against action was recently put in an article appearing in the *Wall Street Journal*. The basic argument was that the acid rain question calls for more research, that as yet too many unproven variables enter the equation, and that controls might prove to be ineffective. The report's author, by the way, was the president of the National Coal Association.

There is no lack of scientific proof as to the causes of acid rain, or that it might not really be due to the long range transport of pollutants, or that emission controls are not the best way of dealing with the problem.

But let us even concede, for the sake of argument, that all the facts are not yet in on acid rain. In science, it is always possible to gather more information, and to constantly refine our judgments. Are we in that case still justified in taking immediate action?

The answer can only be yes. Consider the case against smoking. "Scientific" debate still goes on, yet any reasonably prudent person knows what is best for his or her own health. Or take the matter of phosphorous pollution of the Great Lakes, an excellent precedent of bilateral co-operation between Canada and the United States. We didn't wait until every iota of humanly obtainable evidence was in before taking firm and effective steps against phosphorous emissions; if we had waited, Lake Erie would be dead today. An unarguable preponderance of evidence dictated the need for prompt action, and we acted.

I put it to you that the same situation exists today with regard to acid rain. To procrastinate on the basis of a so-called lack of knowledge would be like hesitating to drain a malarial swamp, because we didn't know precisely which mosquitoes were carrying the disease.

Over ten years ago both Canada and the United States strengthened their laws to clean the air in our cities. We have both made tremendous progress. The air in our cities is purer. However, some of our industries stopped local air pollution by building taller stacks as well as controlling their emissions. These taller stacks are spreading current emissions far and wide. Thus part of the answer to one problem has become part or cause of another problem — acid rain. It is time for both countries to look at laws and regulations. It is time to revise our legislation in a manner conducive not only to maintaining and improving local air quality but to reducing long range transport of air pollutants. Continuing only to focus our attention on local air quality will do little or nothing for acid rain.

**Solutions
differ**

The things we will each have to do to solve the acid rain problem will be quite different. The relative importance of emissions from various source sectors in our two countries dictates this. In eastern Canada almost 50 per cent of our SO₂ emissions come from non-ferrous smelters and less than 20 per cent from utilities. In the eastern U.S. about two thirds of your SO₂ emissions come from utilities.

Canada is already doing a lot to curtail acid rain. Of course, we must do a lot more, and we are prepared to do so. In February of this year my provincial colleagues and I committed ourselves to reduce sulphate deposition to 20 kilograms a hectare a year by 1990. We agreed that this could be accomplished by a 50 per cent reduction in SO₂ emissions in Canada east of the Saskatchewan-Manitoba border and in the United States east of the Mississippi. The Canadian delegation to the February 24 Canada/U.S. negotiating session offered to undertake this 50 per cent reduction by 1990 contingent on parallel action in the United States. The contingency factor was introduced to encourage the U.S. to initiate control programs.

I know that Mark Twain said that "nothing so needs reforming as other people's habits", and I don't wish to be sanctimonious.

I will be the first to admit that Canada does not have clean hands when it comes to acid rain. Yet in Canada as a whole, 50 per cent of our acid rain originates in the United States, and in the regions of particular concern, such as the tourist and recreation areas of Ontario, as much as 75 per cent of the acid rain comes from the United States. We receive far more acid rain than we export. We are far more vulnerable to it because of the circumstances of both our economy and our geography.

**Extensive
damage caused**

On the Canadian Shield, the area most sensitive to acid rain, tourism is a \$700 million a year business. Tourists don't like to fish in dead lakes. In Eastern Canada, damage to buildings and other structures caused by corrosion from acid rain is conservatively estimated at \$500 million annually. Our fresh water fisheries resource potentially at risk from acid rain has an approximate value of, say, \$1 billion. And our eastern forest products industry — which is genuinely and seriously threatened by acid rain, make no mistake — is a \$12 billion industry. Remember to increase the

weight of these figures ten times because of the proportionately smaller size of our economy.

The costs to Canadians of reducing acid rain to an acceptable level are high; about \$1 billion a year by 1990. But given the stakes I have just described, you can see why it will be a good investment. The economic and social cost of not acting would be much higher.

The cost to the United States of a 50 per cent reduction in emissions from thermal plants east of the Mississippi would be \$2.5 to \$3 billion by 1990, an average increase in utility rates of about 2 per cent. This may be reduced by advances in technology. In Canada, given our population differential – we have about one tenth the population you do – the burden on individual Canadians would be three to four times as great as on Americans, and we are prepared to pay it. Canadians are willing to do our share.

This, very briefly, is the Canadian case against acid rain. The gravity of the problem has been recognized by both our countries, and the need for swift and decisive action has been embodied in the U.S./Canada Memorandum of Intent. This document, if lived up to, will set us well on our way towards eliminating co-operatively the threat in the only way that matters: reducing, at source, the pollution that causes it. President Reagan put it this way when he addressed our House of Commons on March 11, 1981:

“We want to continue to work co-operatively to understand and control the air and water pollution that respects no borders.”

Canadians are disappointed with developments in the United States, and apprehensive about their significance both for dealing with acid rain, and managing this increasingly serious bilateral issue. Always, the constant refrain rings out from the Administration that nothing is proven, and that an indefinite amount of further study is needed, not prompt action. Well, we can't wait. Our lakes and forests are literally dying.

We find that regulations in the United States are being relaxed – with two excuses. First, that ambient air quality standards are being met or improved. But ambient air quality is by definition, local; it is not the standard relevant to long-range pollution transportation. Second, we are told that the existing regulations permit exemptions. Thus, in relaxing standards, the existing regulations are really being vigorously applied. It is hard for us to convince Canadians that the solemn commitments given to us, and which I quoted to you, are being fulfilled.

This is not what we expected when we signed the Memorandum of Intent.

One of the important specific undertakings the United States made is to “Promote

vigorous enforcement of existing laws as they require limitations of emissions from new, substantially modified, and existing facilities in a way which is responsive to the problems of transboundary air pollution”.

**Problem with
broad impli-
cations**

As experts, you all know how strong the case against acid rain really is. Vitally important as this issue is on its own terms, however, the acid rain problem has even wider implications. These interface with many of the major environmental questions of our time. Acid rain is related to the toxics dilemma generally; the airborne-transportation of contaminants and particulates and the resulting deleterious fallout pose a real threat to the continued safety of our water supplies. Soil depletion and future agricultural production; forestry and resource management; conservation and the need to find the best means of power generation: all these factors and more can be considered at least a part of the acid rain equation.

How we solve this equation will have tremendous implications for us socially, politically, and especially, economically, because our contemporary management of the environment will largely determine what resources will be available to us in the future. Above all, our management of the acid rain question is a test of how we see ourselves in the world.

I am encouraged by the fact that our two nations have faced equally serious environmental challenges in the past, and have triumphed. At the turn of the century, there was a very real fear that we would exhaust the wilderness, that our resources were being used up at too fast a rate, and that certain species of animal, such as the buffalo, faced extinction. It was about this time that the policy of setting aside large national parks for the benefit of future generations was begun by farsighted men in both countries.

In your nation, the first comprehensive policy of conservation was adopted by Theodore Roosevelt, after he had made the American people acutely conscious of a very pressing environmental problem. His words still hold today:

“To waste, to destroy our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed”.

Roosevelt then pushed through a national parks and land use program which is both his monument and the heritage of all humanity.

Today, we are confronted by an environmental crisis no less serious than the one faced at the turn of the century. In some ways, it is even graver, because the threats we face, like acid rain, are often nebulous or even invisible, and do not yield themselves to simple solutions.

**Public must
be informed**

Our present situation demands action as bold as that taken by Teddy Roosevelt 75 years ago. You as air pollution experts, and we, as politicians, all have a clear role to play. You are the experts who, in addition to the scientific and pollution duties of your jobs, must get the information about acid rain and its menace out to the general public. Then, and only then, can an aroused populace help create the political will which is a precondition for meaningful action by elected representatives.

I applaud the courage and foresight shown by newspapers such as the *Cleveland Plain Dealer*, located as that paper is in a state heavily dependent on coal; a state that is a major contributor to the acid rain problem and is faced with tough economic times. In a series of recent editorials the *Plain Dealer* argued that, even though some Ohio politicians refuse to admit that an acid rain problem exists, and even though the cost of solutions might pinch, the long term and most important interests of the American and Canadian people require that strong and immediate steps be taken to stop acid rain. The *Plain Dealer* exemplifies both the spirit of neighbourly co-operation and the plain old-fashioned guts that are so necessary today.

This is the spirit that I call upon the Air Pollution Control Association to foster. I hope that if in the future I again have the privilege of addressing your organization, I will be able to bring you good news, and speak of the progress that we are making in defeating acid rain.

S/C

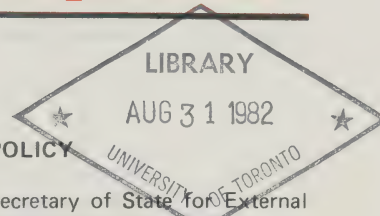


Statements and Speeches

No. 82/12

CENTRAL AMERICA AND CANADIAN FOREIGN POLICY

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the University of Toronto Law Faculty, Toronto, March 31, 1982



...I'd like to address certain aspects of Canadian policy, in particular towards El Salvador. I want to make one or two comments on where things may go from here in light of the recent elections in that country. Before doing this, I want to make some general remarks about the legal and international setting in which events in Central America are unfolding.

International law is not comfortable in dealing with the sort of situation which one is moving towards in Central America today. The various international instruments, and the United Nations Charter itself, provide clearest guidance when dealing with threats or use of force by one sovereign state directly against another. International law makes clear distinctions in this regard between civil wars and international wars. International law is most difficult to apply, and unclear, in situations where armed political violence takes place within the borders of a single state, but which also involves outside powers in that conflict. This tends to blur the distinction between civil war and international war.

Under these sort of circumstances, international law tends to become the ally of both sides to any dispute. It may also cease to be law. It becomes part of the rhetoric used by each side to bolster its case both domestically and internationally; in other words, the law becomes an instrument of public opinion.

Thus the great challenge to international law is to adapt itself to current circumstances — a set of circumstances which is now very different from that envisaged by those who shaped the postwar international legal régime and who were clearly influenced by the pattern of interstate violence seen before and during the Second World War.

Key challenge

I raise this international legal point not just because I am here at the University of Toronto Law Faculty, but also because I believe that we have to have clearer international norms and workable international machinery to deal with current circumstances. To take one key challenge: can international law and international institutions contribute to preventing the spread of East-West rivalries into the Third World?

This, in my view, has become one of the great problems in international relations — how to stop East-West conflicts from inserting themselves into the developing world. Central America is a case in point. To a greater extent than ever before, regions such

as this risk becoming the focus of East-West rivalry, the landscape on which the super-powers measure their gains and losses.

I don't want to convey any sort of neutrality in this regard. Along with our Western allies, Canada takes Soviet expansionism in the Third World and in this hemisphere very seriously. However, we are realistic enough not to be surprised that East-West rivalries see targets of opportunity in unstable Third World situations — particularly situations of extremes where the grinding poverty of the many is colocated with the extreme wealth of the few.

In many parts of Central America, and particularly in El Salvador, we see with shock and horror widespread violations of elementary human rights, atrocities, torture, massacres and murder on an appalling scale. These crimes against humanity are perpetrated by forces on both extremes of the political spectrum. The Canadian government continues to protest against this wave of violence.

But we cannot understand political terror in Central America, nor hope to resolve it, simply by blaming a clash of ideologies or great-power interests.

**Instability not
due to East-
West rivalry**

Here to me is the crux of the problem. Instability in Central America — and in most other cases in the Third World — is not a product of East-West rivalry. It is a product of poverty, the unfair distribution of wealth, and social injustice. Instability feeds on poverty and injustice. East-West rivalries flow in its wake. I can think of few examples where the process has been the other way around.

So when we look at Central America today, we cannot view this region exclusively through the prism of East-West rivalries because these are not at the root of the problem. Nor can we now view it uniquely through the prism of social and humanitarian concerns, because it is clear that East-West rivalries have now implanted themselves firmly in that region. This is an unfortunate fact to which we cannot close our eyes. It should also provide us with a sense of urgency concerning what can be done now to prevent this situation from developing elsewhere.

But in any event it is clear that looking at Central America exclusively in one or another of these ways warps the reality of the situation.

There are pressures in both directions — that is to view Central America exclusively as a social and humanitarian or as exclusively a security problem. These contribute to a foreign policy approach which is one-dimensional, allowing for no nuance or contradiction. Like a medieval morality play, good and evil players are identified and frozen forever into unrealistic positions. Those who oppose evil are naturally considered to be good. Those who are identified as good remain that way forever.

Such a one-dimensional view cannot provide the basis of a sound analysis of what is

happening in Central America. Nor can any eventual solution to the conflict be a workable one unless it fully addresses both these major elements in a comprehensive way.

Canadian view

I believe that the states in the region have the right to choose to follow whatever ideological path their peoples decide. I don't believe that when a country chooses a Socialist or even Marxist path it necessarily buys a "package" which automatically injects it into the Soviet orbit. This, I think, is where our views and those of the U.S.A. may diverge. The internal systems adopted by countries of Latin America and the Caribbean, whatever these systems may be, do not in themselves pose a security threat to this hemisphere. It is only when countries adopt systems which deliberately link themselves to outside forces or seek to destabilize their neighbours that a threat is posed. Canada has adopted a flexible approach in this regard. For example, we have not shifted our aid programs or our support because a régime has moved to the left in its internal affairs.

To take one example, Canada continued aid to Cuba up until the point when Cuba decided that it could afford the luxury of despatching expeditionary forces to Africa. Clearly it then had no more need for Canadian aid, given its new priorities. Consequently, we stopped giving Canadian aid.

What the Canadian government is saying is this. Let countries choose their own paths for their own development. If they keep their social and humanitarian obligations to their people in the forefront of their actions, they will have Canada's help. If they work to meet the real needs of their people, they will have our support.

But, if their priorities are such that they put a premium on destabilizing their neighbours or using their territory to inject East-West rivalries into the region, they must be viewed as detracting from the security of the hemisphere. And if they fail to carry out the social and economic reforms urgently needed, Canada cannot help but draw the necessary conclusions.

The current focus of world attention in Central America is the conflict in El Salvador. The manner in which this conflict develops — how it is solved or not solved — will have enormous significance for all of Central America. El Salvador is a tragedy in itself. But the risk is that the East-West dimension of this conflict will sow the seeds of a much wider conflagration. This is why there must be a balanced solution found, and found quickly.

One of the focal points of the crisis in El Salvador had been the determination of the Duarte government to hold elections for a constituent assembly. Those elections were held three days ago. Perhaps now is an appropriate time to review the Canadian government's position, its actions, and to make several remarks on possible directions for the future.

Action by Canada

First of all, what has Canada done to promote a peaceful solution to the conflict?

I met twice in 1981, in January and December, with representatives of the revolutionary leadership, the FMLN/FDR, to listen to their point of view and to urge negotiations with a view to a democratic solution through elections. I offered Canada's good offices to provide a site in Canada, or abroad at a Canadian embassy, for such negotiations. The FMLN/FDR rejected these efforts; they prefer direct access to power, whether through negotiation or by force of arms.

We continue to favour a peaceful settlement brought about by the Salvadorans themselves. Canada is ready to seize any opportunity to play a constructive role with the agreement of all the parties concerned. Canada, like the United States, has welcomed the efforts of President Lopez Portillo of Mexico to prepare the ground for a solution in El Salvador and to reduce tension between the United States, Cuba and Nicaragua.

Increased aid

Canada has announced greatly increased aid levels, over half a billion dollars, for the Caribbean Basin countries. This reflects our conviction that the answer to tension there is social and economic development rather than the force of arms. This was the basis for Canadian association with the Caribbean Basin Initiative. Within a greatly expanded Canadian aid program for Central America, Canada will consider restoring bilateral aid to El Salvador if conditions there permit. With regard to aid to Nicaragua, we have clearly announced our readiness to give aid to that country. But we have also expressed to the Nicaraguans our concern at what may be a growing tendency by them to depart from their own stated principles of political pluralism and non-intervention in the affairs of other countries.

Why did we support the elections in El Salvador? Most simply, because Canadians favour democratic government. President Duarte appeared determined to establish such a government despite violent opposition from the left and right. He was putting his position, policies and life on the line, as he did in the 1972 elections and their aftermath, as were all those who stood as candidates.

However, the FMLN/FDR rejected the elections in favour of what they termed a "comprehensive political settlement" under which they would form a government, presumably with Christian Democrats and others initially. The FMLN/FDR was extremely vague on when this new government would itself submit to elections.

I should also point out that the vast majority of members of the Organization of American States supported the elections. I might also note that Costa Rica in 1948 and Venezuela in 1960 emerged from civil war through elections. I should add in this regard that it would be tragic and unacceptable if Costa Rica — the only state in the region with a history of democracy — should be destabilized as a result of the spreading violence; Costa Rica, which has invested its capital in social programs rather than weapons and armies.

Elections

The elections held last Sunday in El Salvador saw a very large voter turnout. It is clear that the people of that country above all wish peace, and saw the ballot box as the best hope in that regard. The election took place, notwithstanding the efforts of the guerilla forces to disrupt it and by all reports the balloting was honest. There undoubtedly were some flaws in the electoral process, but then the elections were not conducted under ideal circumstances. But, the elections will turn out to have little meaning unless the new government now places the needs of the people of El Salvador in the forefront of their programs.

However, it would be unrealistic to think that the Left will now automatically lay down their arms. For this reason, we are urging that there be contacts between the new government and the FMLN/FDR in order to try to arrive at a solution which takes into account the new circumstances flowing from the election itself.

It is clear that a solution to the El Salvador crisis does not lie in El Salvador alone. It is a regional crisis involving powers both within and outside the region. We are looking at social and humanitarian problems which have to be solved in the region, and we are looking at East-West rivalries which have to be removed from the region.

I referred earlier to the Lopez Portillo initiative. It has the merit — amongst other points — of recognizing the fact that the security concerns of a number of parties must be addressed. In other words that any agreement must recognize that the U.S.A. and the other countries of this hemisphere have legitimate security interests which must be protected.

Principles for solution

What, in Canada's view, would represent the principles which should govern a wider solution to the conflict in the region? These, in my view, should include:

First, recognition that the problems of the region are rooted in social and economic questions;

Second, the urgent need to foster economic growth and social reform, the benefits of which must be distributed more widely amongst the populations. This, as I have said, is the heart of the problem;

Third, the right of each country to enjoy genuine independence, non-alignment and stability without the threat of outside interference, and;

Fourth, a recognition of hemispheric security needs and, in this connection, agreement to exclude the introduction of expeditionary forces and offensive weapons.

The challenge is to produce the outlines of a solution in Central America which is acceptable to the countries of the region and to all those who share an interest in pluralism and human rights. To move from an agreement on these or other general

principles to a workable solution is an enormous task.

We are, I think, at a key juncture. The way in which the crisis in Central America is "managed" internationally over the next few months will be very important. The players involved cannot afford to lock themselves into rigid positions. Above all, moves should not be taken which limit the options of countries in Central America and the Caribbean and which have the end result of driving them towards the Soviet bloc. That particular outcome may well be the goal of certain elements in the region. By taking approaches which equate left-wing internal régimes automatically with Soviet domination, we may bring about a self-fulfilling prophecy.

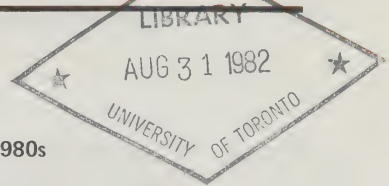
Foreign policy is by its nature long term. We must be concerned about developments in Central America not just for their own sake, but because they may well come to have an impact on this country. For example, Canada is developing important political and economic ties with Mexico and Venezuela, two countries in very close proximity to the area of conflict. We must take a long-term view and recognize that we are increasingly living in a world in which the shock waves from events elsewhere have a tendency to travel further and faster than ever before.

In closing let me again reiterate that Canada is ready to play an active role in seeking solutions. I made this clear two weeks ago in New York to the Secretary-General of the United Nations, the American Secretary of State and the Foreign Ministers of Mexico, Venezuela and Colombia. The principles which I have just outlined will guide my continuing discussions with foreign ministers in the region in order to promote a solution aimed at lasting peace. Thank you.



Statements and Speeches

No. 82/13



THE TRADE CHALLENGE FOR CANADA IN THE 1980s

An Address by the Honourable Edward Lumley, Minister of State for International Trade, to the Toronto Chamber of Commerce, June 22, 1982

I can think of no greater priority than to increase the awareness of Canadians to our tremendous dependence on the international markets of the world. Our exports account for almost one-third of our total gross national product (GNP). Of the major industrialized countries represented at the annual economic summits — most recently at Versailles — none is more dependent than Canada on the trade dimension for economic growth. Just to illustrate, it is estimated that more than two million Canadians are directly involved in the production of goods for export — that is 20 per cent of our total work force. Our major export industries are also our most efficient producers. They command the best prospects for future growth and, most significantly, for the generation of profitable jobs for Canadians.

stress in trade
environment

We all know that the current trading environment is severely strained. The persistence of unprecedented high interest rates poses a major burden for industry, curtailing plans for expansion or adaptation and the wherewithal for the kind of productive investment which will ensure that our firms remain competitive. There is no question but that a general economic recovery — one inspired by greater confidence in the money markets — offers the most fundamental respite to constraints on trade.

It has often been said that when the United States economy catches cold we in Canada contract pneumonia. Our current circumstance is dramatic witness to that commentary. For relief we must look to a recovery in the U.S. This is not to suggest that we do not have responsibilities and challenges to address here in Canada but simply to underline a very obvious fact of life for the Canadian economy. We know that a recovery in the U.S. will pay immediate dividends to our own economy. With almost two-thirds of our trade with the U.S., we know as well, that it is in terms of trade that such dividends will be most visible.

We recognize that the international trading system is not perfect. As my American colleague the Honourable Bill Brock put it recently "None of us is without sin" in that regard. While new opportunities have opened up, impediments remain. We in Canada have found it necessary to retain relatively high levels of protection for certain sensitive areas of production.

As a result of the prolonged recession the government has been under extreme pressure from all parties in Parliament, from several provincial governments, and from labour and business alike to move to protect industries which find themselves vul-

nerable to the triple onslaught of economic decline, high interest rates and extreme competition from imports. We obviously are very concerned about these industries and, in some cases, are considering ways to protect them from serious injury and from unfair trade practices.

In a period of prolonged recession it is imperative that major trading countries demonstrate the sensitivity and will necessary to produce mutually satisfactory solutions. If we do not work together to alleviate these pressures the consequences could be disastrous.

We are determined not to ignore the lessons of the 1930s. We must not place our economy in a strait jacket which will prevent adaptation and real growth in the 1980s. "Beggar thy neighbour" tariff walls, artificial props for inefficient sectors and band-aid solutions do not provide effective or convincing alternatives. Canada, because of our dependence on trade and our small domestic market, has much to lose and little to gain through bilateral trade wars or rigid concepts of reciprocity. It is as simple as that.

**Open trading
important**

I remain convinced that trade can be the engine of growth, that expanded trade opportunities provide a firm basis for new investment and more jobs. I would like to think that many of you share this view and attach priority to the maintenance and strengthening of an open trading environment.

It is worth noting that we continue to generate a merchandise trade surplus — a surplus which is vital if Canada is to continue to pay its way in the world. As a matter of fact we have had a trade surplus for 24 consecutive months — a record matched by very few countries in the world. In 1981 we ran a merchandise trade surplus of \$7.4 billion and, in the first four months of 1982, our seasonally-adjusted trade surplus was in excess of \$5 billion. Contrast this with the trend for our major trading partners — the United States and the European Community — which had merchandise trade deficits running in the tens of billions of dollars in 1980 and 1981.

Let me cite a specific example of how the Canadian economy has benefitted through trade. In 1965, before the conclusion of the Kennedy round, Canada exported 20 per cent of its production of machinery and equipment and 54 per cent of Canadian requirements were supplied by imports. In 1980, 50 per cent of Canadian production was exported and 65 per cent of domestic requirements were filled by imports. Over the last 15 years domestic production of machinery and equipment in Canada, which amounted to \$8.6 billion in 1980, has been increasing at about the same rate as the overall domestic market, that is a real average annual growth rate of about 5 per cent. Exports have been the fastest growing component in the area with growth of about 8 per cent annually.

This sector provides a clear example of how Canada has been able to adapt to

international competition in a way which has brought benefits both to Canadian producers and users of machinery and equipment. The rationalization of this industry has meant increased export revenues for Canadians and has allowed Canadian industry to benefit from being able to use more efficiently-produced machinery and equipment. This, in turn, of course, has enhanced the international competitiveness of other sectors of the Canadian economy.

This is a year of opportunity and for attention to trade. I would like to tell you how we intend to respond and why.

I will soon place before my Cabinet colleagues two important documents: one will be a major review of Canadian trade policy. I believe this review will allow me to underscore to the Cabinet the key role played by trade in the Canadian economy. It will provide the basis for any modifications in Canadian trade policy needed to take account of the environment we face in the 1980s.

A second paper will outline the approach which Canada should adopt at the General Agreement on Tariffs and Trade (GATT) ministerial meeting this coming November. I will be endeavouring in the weeks ahead to engage Canadians in these matters to provoke a broader discussion of the issues of concern and the areas of potential.

Yesterday in Ottawa, at a federal/provincial trade ministers meeting, I had an opportunity to discuss these issues with my provincial colleagues and to learn first-hand their concerns, their ideas, and their priorities about a trade strategy which will benefit all Canadians.

Priorities for GATT meeting

I would like to concentrate today on the priorities we see meriting attention at the GATT ministerial in November. As you know the GATT sets out the contractual basis for most of Canada's trade relations. It has served us well. I believe it provides a framework in which Canada can defend and advance its interests more effectively than through any bilateral agreement. It is a matter of absolute priority that we strengthen the GATT.

The November ministerial, which incidentally Canada will chair, is the first such meeting since 1973. While it is not intended to launch a major new round of trade negotiations it is expected to agree on a work program, a trade agenda for the 1980s so that issues of concern and areas of particular interest can be addressed in ways to strengthen and make more relevant, hence more credible, the system as a whole. We attach the highest priority to a successful result at this meeting and are preparing our case on issues of special concern to Canada.

Basically we want the international trading community to come to grips with a number of problems which were not dealt with or which were not handled in a satisfactory manner in earlier GATT negotiations.

1) The emergence of the newly-industrialized countries as a major force in the world economy is a case in point. These advanced developing countries (such as Korea, Brazil, Singapore) have benefitted enormously from successive negotiations under the GATT. But they have not subjected their own import regimes to the same discipline that has been accepted by the developed countries. Canada's trade with these countries has increased dramatically over the last decade. Our exports to the newly-industrialized countries in 1971 amounted to less than \$900 million annually. This figure had increased to almost \$6 billion in 1980. I consider that a key priority in the 1980s must be to ensure that these countries accept more obligations under the GATT. They must make a contribution to the international trading framework commensurate with their stake in the system. This is a goal we share with the other developed countries and, I might add, with certain of the lesser developed countries as well.

2) Efforts to negotiate a safeguards agreement in the Tokyo round failed. Such an agreement, which would elaborate on the GATT provisions regarding emergency protection against imports causing serious injury, would provide a more acceptable and balanced framework for such action. A system in which the larger trading countries operating outside GATT rules can strike advantageous deals with supplying countries to protect their own market is not in Canada's interest. We want to see a system which requires everyone to follow the same rules and which would ensure that Canadian exports were not acted against frivolously or unnecessarily by our partners. At the same time it must allow emergency action when it is fully justifiable.

3) The dispute settlement system in the GATT has come under increasing strain as trade disputes have multiplied over the last few years. This system is critical to the effective enforcement of GATT rights and obligations. We must renew our commitment to make it work effectively. All parties to the GATT, large or small, must be prepared to abide by the results which emerge in Geneva. Now that the United States' Domestic International Sales Corporation Programme (DISC) has been found by the GATT to be in violation of United States' obligations, we will be pressing the Americans to bring this system into conformity with GATT rules. American failure to do so will only weaken their efforts to further strengthen the GATT and to extend GATT discipline into new areas of international trade such as services.

I would add that this government publicly stated its willingness to have a GATT panel determine whether American complaints about certain Foreign Investment Review Agency (FIRA) practices were inconsistent with Canada's GATT obligations. We thought this made good sense. It helped defuse a major bilateral problem. Both sides find it easier to respect a judgment reached by an international body.

4) I believe we should also be seeking improved and more balanced rules governing trade in agricultural products. We must seek better discipline over the use of export subsidies by the European Community whereby it dumps large surpluses on inter-

**Commitment
essential**

national markets. Such European practices hurt producers in the more efficient agricultural producing countries. At the same time they pose an inordinate burden on European taxpayers.

5) We also seek to strengthen the existing GATT codes where Canada has a particular interest in obtaining broader access for its products and in improving the rules of international trade. The Aircraft Agreement, for example, has served us well and has been strongly supported by the Canadian aerospace industry. This agreement calls for negotiations by the end of this year. Our approach will be to seek to expand the coverage of the code and to maintain a balance of reciprocal advantages taking into account specific trade interests of the Canadian industry. A further objective will be to have aircraft manufacturing countries, which are not signatories to the code, accede to it.

6) We will look as well to action providing better access generally for further processed resource products. This is a major area in terms of our current trade profile. It is also a sector with the highest potential for development in the next decade. Our concerns regarding barriers to trade in fisheries products will also be registered.

These are some of the issues we will be grappling with as we work towards the GATT ministerial meeting in November. At that meeting the contracting parties to the GATT should reconfirm their faith in the multilateral trading system and their will to make it work effectively. However, if the meeting is to be successful, it must go beyond mere political rhetoric. Ministers must be able to demonstrate to their respective publics that real progress can be made on the important trade problems confronting the world community. Above all, we must ensure that the system is relevant to current concerns and can respond to constraints on economic development in Canada.

Considerations of other countries

Other countries will, of course, also have their own list of items they will wish to see addressed in the work program and at the meeting itself. The United States has come forward with several proposals for taking the GATT into new areas of activity. Specifically, they have identified international trade in services, trade-related investment issues and high technology as areas in which they would like to see the GATT undertake a study program. We are in the process of identifying particular Canadian interests in these areas.

Regarding services, for example, an interdepartmental task force was established about a year ago and has conducted extensive consultations with the provinces and the private sector. I expect that we will be prepared to go along with American proposals to study problems relating to trade in services in the GATT.

As for the American proposals regarding trade-related investment matters, we have said that such a program of study would be unbalanced unless it were to address at the same time the behaviour of multinational enterprises.

In trade in high technology goods, Canada, along with other countries, is interested to examine closely the nature of the American proposal in order to determine whether and how this problem might be addressed in the context of GATT.

The Japanese, for their part, have adopted a somewhat cautious approach towards the ministerial meeting while being generally supportive. I suspect they see it as a safety valve which will help somewhat to alleviate the international pressure on them from all the trading partners to liberalize their own import regime. Japan recognizes that it has a major stake in preserving the open multilateral trading system.

The European Community is still busy digesting the results of the Tokyo round and its own enlargement. They also feel somewhat threatened by what they perceive to be an ambitious American trade policy. However, the Community has been playing its part in preparations for the ministerial meeting, recognizing that it is critical to the future of the trading system that that meeting be a success.

Our game plan for the GATT ministerial and for the broader trade strategy is taking shape but the measure of success for both will be the extent to which our objectives relate to the problems and the obstacles you in business encounter. The credibility of the system is at stake. With that system rides much of our potential for sustained future growth, and, most importantly, for an expansion of profitable jobs for Canadians. Our basic guidelines are as follows:

- We in government are prepared to continue to seek improved market access abroad for efficient Canadian producers.
- We will work actively to ensure that our trading partners live up to agreements struck with them.
- When our trading partners frustrate access conditions which affect Canadian companies adversely, we will challenge such measures.
- We will continue to provide a variety of aids to exporters through our export development programs.
- We will also, to the best of our ability, ensure that Canadian exporters receive the same credit facilities as are available to their competitors. (I should note, however, that we are in the forefront of those countries seeking to improve the discipline — namely to reduce the subsidy element — of export credits.)

I invite the private sector to do its part. I want our exporters to take full advantage of concessions obtained through trade negotiations. Our department stands ready to help individual businessmen to identify markets and to help resolve trade barriers which may inhibit their sales in foreign countries.

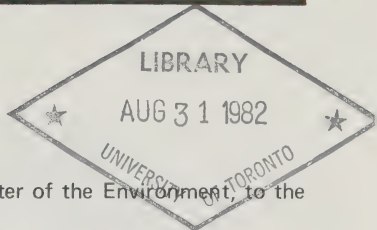
We need your ideas and your support to strengthen and improve the international trading system in such a way as to serve current and long-term Canadian interests. I am convinced that, by working together in the area of international trade, we can help revitalize the Canadian economy in the interest of all Canadians.

S/C



Statements and Speeches

No. 82/14



THE URGENT NEED TO CONTROL ACID RAIN

An Address by the Honourable John Roberts, Minister of the Environment, to the Georgia Conservancy League, Atlanta, June 24, 1982

...The reason I'm speaking to you today is because of an extremely dangerous threat that menaces the very life and productivity of our waterways: acid rain.

Acid rain has been the subject of a great deal of media attention lately, but let me briefly tell you about it. It is a particularly insidious form of pollution, because it cannot be detected by sight, smell or taste. In fact, the only way we can study acid rain is by using extremely sensitive scientific instruments, or by observing its effects: lakes and streams that have been killed or badly damaged by an increase in their acidity level. That is, they have been made too acidic by the long-range transport of air pollutants to support life. When this happens, it is too late to do anything but mourn for a lost resource.

Acid rain has other effects. The increased acidity of water can cause it to mobilize, that is, dissolve from the surrounding bedrock and soil, toxic metals such as aluminum and mercury. Acid rain also increases the acidity of soil, causing accelerated loss of useful nutrients, with implications for our forests and agricultural products.

The effects of acidic precipitation are becoming ubiquitous, and often it is beyond the ability of nature to cope with them. A limestone lake or stream, or an alkaline forest soil, has a natural buffering capability. But granite bedrock is very common in Canada, and has little buffering capacity. Likewise, much of our soil is naturally acidic to begin with and is very vulnerable to increased acidification.

Acidic
precipitation
common

Clean precipitation — normal rain or snow — usually has a pH value of 5.6, and rain with a lower pH is considered acidic. Rain ten times more acidic than normal is now common in parts of Canada; sometimes, it can be 40 times as acidic as normal.

Now even in a completely clean environment, it would still be possible for precipitation to be slightly acidic, due to natural causes. However, when I talk about the acid rain that menaces Canada and parts of the United States, I'm talking about a much more dangerous threat that comes from man-made pollutants such as oxides of sulphur and nitrogen. These result, among other things, from the burning of coal without proper safeguards in thermal power plants, from smelters, and from automobile exhausts. Sulphur dioxide and nitrogen oxide are the two main culprits responsible for acid rain.

When I say that acid rain has been in the news a lot lately, I also mean that there have been articles that dismiss the threat. A recent article in the *Wall Street Journal* argued that the acid rain question has been grossly exaggerated, that unproven variables enter the equation, that the matter needs more research, and that controls might prove to be ineffective. The report's author, by the way, was the president of the National Coal Association.

I am convinced that we already know as much as we need to know to begin to take action against acid rain. Over 3 000 scientific studies have already been done. In Canada, we know that 48 per cent of the 2 000 lakes surveyed to date in Ontario are very sensitive to acid rain. We know that, in Sweden and Norway, fish life has already been destroyed in over 6 500 lakes.

A tremendous amount of research has already been done. The Norwegian SNSF Project [State Research for Natural Sciences] alone is a collection of over 100 papers describing the effects of environmental impacts of acid precipitation on Scandinavia over an eight-year period.

**Emission
controls
necessary**

Perhaps one might argue that overview studies, or studies relevant to the American or Canadian experience, are lacking. Not so. The U.S. National Academy of Sciences, the U.S.-Canada Research Consultation Group, the National Research Council of Canada — all argue that acid rain is a genuine threat; that it is caused by the long range transport of SO₂ and NO_x; and that emission controls are the best way of dealing with the problem.

Evidence also indicates that the United States, as well as Canada, is in serious jeopardy. A study, prepared for U.S. Senators Stafford and Mitchell by the Office of Technology Assessment, found that one out of every four streams in the northeastern United States has already been damaged by acid rain. In the larger 27-state region covered by the study, one out of six lakes, and one out of five streams, have been harmed by acid rain.

The report indicated that in the northeast and upper midwest, up to 80 per cent of the lakes and streams are at risk. It held that there would be no hope for reversing the damage to those lakes and streams unless steps are taken to reduce the air pollution that causes acid rain.

Some people who downplay the threat argue that it is more due to local pollution sources than to far distant ones. Let me cite the recent Jason Report, prepared under the auspices of the Stanford Research Institute for the U.S. Department of Energy. The Jason Report found that, while the amount of local NO_x and SO₂ emissions has actually decreased in New York and New England over the last ten years, the acidity of precipitation in those states has increased, strongly suggesting the long range transport of pollutants.

The Jason Report also included two findings that are of special significance to you here in Georgia. It stated that the southeastern states contribute a significant and growing share of the acid rain coming into the northeast. It also found that the largest percentage increase in acidity in the past 30 years has been here in the southeast, where in the period between 1960 and 1978 alone, the emissions of both SO₂ and NO_x had approximately doubled.

I agree that we don't yet have all the facts about acid rain. We may never. If we wanted, we could study the problem from now till doomsday. Are we still justified in beginning to take control action?

Definitely. If we shilly-shally and procrastinate because of a so-called lack of knowledge, we would be like a surgeon telling a patient with a fatal cancer that he couldn't operate, because ten more years of research were needed to find out the cause of the disease.

**Greater burden
for Canadians**

I don't think it is fair to argue, as has been done, that Canadians are unwilling to do their share to clean up the acid rain situation. We are willing to pay our own way, and more. The cost to the United States of a 50 per cent reduction in emissions from thermal plants east of the Mississippi would be \$2.5 to \$3 billion by 1990, leading to an average increase in utility rates of about two per cent. This percentage increase may be reduced by advances in technology. In Canada, given our population differential — we have about one-tenth the population you do — the burden on individual Canadians would be three to four times as great as on Americans, and we would gladly shoulder it.

In Canada we are deeply disappointed with the state of negotiations between my country and the United States government on acid rain. The foot-dragging and interference in the development of scientific information has reached frustrating proportions. The Administration's rejection of our proposal to reduce sulphur dioxide emissions in eastern North America by 50 per cent by 1990, and a clear indication that it may be some considerable period of time before it will be able even to begin to discuss control actions, is a bitter pill for us to swallow.

The latest obstacles, which occurred less than two weeks ago at a negotiating session in Ottawa, are forcing us to an agonizing reappraisal of the usefulness of continuing discussions.

**Different
conclusions**

Our emission-reduction proposal was drawn from the same science that U.S. negotiators used to draw diametrically opposed conclusions. On a *per capita* basis our proposal is more costly to Canadians than to Americans. We are willing to put our money where our mouth is. I can only conclude that the values and factors influencing Canadian decision making are considerably different from those in the U.S.

I will certainly admit that Canada does not have clean hands when it comes to acid rain. But we have moved to cut back our sulphur dioxide emissions, and we are committed to doing much more. Look at the facts.

In Canada as a whole, 50 per cent of our acid rain originates in the United States, and in the regions of particular concern, such as the tourist and recreation areas of Ontario, as much as 75 per cent of the acid rain comes from the United States. We receive far more acid rain than we export. Because of the circumstances of both our economy and geography, we are far more vulnerable to it.

It is estimated that if SO₂ emissions could be reduced by 50 per cent in eastern Canada and the eastern United States, the vast majority of the lakes and streams threatened by it would be safe. We in Canada are prepared to undertake such an emission reduction by 1990, and we have made the offer to you to do it if you will take a parallel course of action.

That is why I'm speaking to you today. I'm here to plead, ask, wheedle, even cajole the United States to try to clean up the emissions that lead to acid rain. What I am asking of you is no less than what we Canadians are prepared to do. I ask it of you as neighbours, as our best friends and closest trading partners. I ask it because it is in the best long-term economic self interest of both our countries. And I ask it in the name of our precious resources of forest, water and wildlife, treasures that are the heritage of us all.

Sometimes, however, when Canadians plead with the United States to institute some controls, or even when we release scientific information south of the border, we are accused of interfering in American internal affairs.

Situation urgent

As a good friend of the United States, and of Americans, I do not think I am meddling when I frankly point these things out to you. The situation is extremely urgent; our lakes are literally dying.

Despite the lip service that is being given to the so-called scientific lack of knowledge about acid rain, the real reasons why very little is being done about it in the United States are economic, and I know this very well. The main source of acid rain in eastern Canada and the northeastern United States is the industrial belt that stretches roughly from Pittsburgh to Chicago, and includes the great coal-burning regions of Ohio and Indiana. To clean up acid rain, to install the scrubbers and other technical solutions that are available right now will cost money, as I have said. I know that the solution will pinch a little bit; it is already pinching us in Canada.

Over ten years ago both Canada and the United States strengthened their laws to clean the air in our cities. We have both made tremendous progress. The air in our cities is purer. However, some of our industries stopped local air pollution by building

taller stacks as well as controlling their emissions. These taller stacks are spreading current emissions far and wide. Thus, part of the answer to one problem has become part or cause of another problem — acid rain. It is time for both countries to look at laws and regulations. It is time to revise our legislation in a manner conducive not only to maintaining and improving local air quality but to reducing long-range transport of air pollutants. Continuing only to focus our attention on local air quality will do little or nothing for acid rain.

The things we will each have to do to solve the acid rain problem will be quite different. The relative importance of emissions from various source sectors in our two countries dictates this. In eastern Canada almost 50 per cent of our SO₂ emissions come from non-ferrous smelters and less than 20 per cent from utilities. In the eastern U.S. about two-thirds of your SO₂ emissions come from utilities.

We are faced today with a genuine environmental and ecological crisis. It is every bit as serious as the one faced by Theodore Roosevelt in the early years of this century, when he pushed your nation's first comprehensive land use, conservation and national parks program through a hostile Congress. He did so in the face of opposition from special interest groups such as the railroad trusts, the mining and lumber industries, and the cattlemen. Teddy Roosevelt's words still have a lot of meaning for us today:

"To waste, to destroy our natural resources, to skin and exhaust the land instead of using it to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed".

As Teddy Roosevelt preserved your national parks, we have to ensure that our precious water resources are saved for our descendants. In the past, when we spoiled the land by overtimbering, overgrazing or unwise plowing, we could always move on; move west. We might be tempted to repeat this past history of the depredation of the land in our use of water resources. It is no longer possible. The number of our lakes and streams is limited; once they are gone, spoiled by pollution from whatever source, that's it. We can no longer move over the next ridge to discover a new waterway.

**All must
conserve**

Today, we must all be conservationists. The first duty of the angler and hunter, manager, scientist and politician is to ensure the protection and perpetuation of our land and water resources. Those who come after us will need them. Therefore, I salute you, members of the Georgia Conservancy League, for I know that this is your goal as well.

I hope that I have been successful in seeking to enlist you to help us Canadians fight our acid rain battle, for I know what a valuable ally you can be. I further hope that we shall win our war, for then and only then will I be able to continue to invite you to come to Canada to enjoy the fishing.

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Statements and Speeches

No. 82/15



CANADA'S POSITION ON THE UN RESOLUTION CONCERNING THE PALESTINE QUESTION

A Statement by the Canadian delegate Michael Kergin, to the Seventh Emergency Special Session of the United Nations General Assembly, New York, June 26, 1982

Canada views the present hostilities in Lebanon with profound sadness. A human tragedy is unfolding in a small country whose recent history has been marred by recurrent periods of violence and destruction. Again the world community is faced with an eruption of conflict which is having the most horrendous effect on the security and well-being of the civilian population. The fighting must stop in this unhappy country so that the rebuilding can begin.

We should not minimize the complexities of the situation; we recognize that Lebanon is an integral part of a region which itself is in the grip of a long-standing conflict. We are not confident that Lebanon can emerge completely from its present anguish unless wider issues in the Arab/Israeli dispute and the problems of the Palestinians are addressed and resolved. Lebanon's territorial integrity, sovereignty, unity and strength for which we so fervently hope, can only be assured in the framework of a comprehensive settlement in the Middle East that guarantees peace and security for all states in the region, including Israel, and the legitimate rights of the Palestinians.

Canada has spoken out on the recent events in Lebanon. On June 9, Mr. Trudeau, the Canadian Prime Minister, in a public message to the Prime Minister of Israel said the following:

"With Israeli air-raids in Lebanon and rocket attacks on northern Israel already in progress, my letter to you on June 5 counselled restraint to avoid the dangers that further military action would bring. In that same letter I said we deplored and condemned as heinous crimes acts of terrorism against targets in Israel and elsewhere; but I also said that it was important to avoid actions which fuel rather than dampen the flames of violence and hatred in the Middle East.

I am dismayed by the subsequent escalation of the conflict represented by the massive movement of Israeli forces into Lebanon. Great human suffering is being caused, and the rapid northward expansion of Israeli operations is posing an increasing risk of a wider war. We in Canada understand your natural concern for Israeli lives in the Galilee, and believe that acts of violence against Israel and its citizens as well as against all others in the area must cease. But we cannot accept the proposition that the present military activities are justified or that they will provide the long-term security which you seek for the Israeli people.

Escalation
of conflict
deplored

I appeal to you to respond positively to the unanimous Security Council resolution by agreeing to a cease-fire and withdrawing immediately and unconditionally from Lebanese territory so that the difficult but necessary task of working for reconciliation in the area can begin again."

Thus ends my quotation from Mr. Trudeau's message to Mr. Begin.

**Support with
reservations**

With respect to the resolution before us, my delegation supports its main thrust and we therefore intend to vote in favour of it. We do, however, wish to express our concerns and reservations regarding certain elements in it.

Specifically on the reference in the preamble to "acts of aggression" by Israel, my delegation would wish to note that, under Article 39 of the Charter, the Security Council has the sole responsibility for making a determination of the existence of any threat to the peace, breach of the peace, or act of aggression. Canada therefore considers it inappropriate for this Assembly to imply such a determination in one of its resolutions.

Since we do not recognize the Palestine Liberation Organization as the sole, legitimate representative of the Palestinian people, we would also like to point out that the preamble implies a status regarding the Palestine Liberation Organization which my government has not endorsed.

**Other important
issues**

Moreover, contrary to the assertion in the preamble, we believe there are a number of other issues central to the Arab/Israeli conflict besides the Palestine question. Equally important is the existence of Israel in the Middle East and its right to secure and recognized boundaries. This principle, enshrined in Security Council Resolutions 242 and 338, is fundamental to our policy and a prerequisite for peace in the region.

In the present critical and rapidly evolving situation in the Middle East, my delegation calls on all parties to exercise maximum restraint in their actions to prevent any further deterioration or widening of this conflict. In the days ahead it is essential that nations truly apply the basic principle of international law carefully developed over the centuries and embodied in the United Nations Charter and other documents, that is: respect for territorial integrity, non-use of force in resolving disputes and universal observance of basic human rights and freedoms. Only on this basis will a solid peace be secured in the Middle East.



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CHALLENGES IN THE INTERNATIONAL ECONOMIC ENVIRONMENT

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Rotary Club, Charlottetown, Prince Edward Island, July 5, 1982

...Within the last month, I've attended two summits, those at Versailles and Bonn, and a Pacific Rim meeting, where we struggled with the great problems of the world today — problems such as world recession and international inflation, the East-West division which encompasses so much of the world, and I think the most difficult problem of all, that of world poverty, the so-called North-South question.

The theme that I want to address today principally — and I might say briefly — can be stated as "Challenges for Canada in the Current World Economic Environment".

At the Versailles Summit last month, the Prime Minister referred to the crisis confronting the industrialized world. 'Crisis' — in my view — is not too strong a word to depict the gloomy world economic conditions which have prevailed since last autumn and which threaten to continue. In the past year virtually all industrialized countries have been experiencing low growth rates and an alarming incidence of business failure. Real interest rates are at very high levels in many countries. Unemployment, already high at the time of the Ottawa Summit last July, has grown by five million over the past year in the Organization for Economic Co-operation and Development (OECD) or industrialized countries alone, and will rise even more unless economic conditions can be improved sufficiently to provide jobs for the large numbers of young people coming on the labour market. Though progress has been made in reducing inflation in some industrialized countries, it remains at a worrying level in many others, including our own, and fears persist that it could again increase once economic recovery gets underway.

Beyond the circle of industrialized nations conditions are no better; in fact they're probably much worse. The economies of Eastern Europe are in difficulty, and several countries in that region have been having trouble servicing their debts. Third World nations, hit by reduced export earnings because of the recession in the West and by high interest rates, are also experiencing balance of payments difficulties in unprecedented proportions. With the collective deficit of the Third World this year estimated at between \$75 billion and \$100 billion the world payments system may face a serious challenge.

In looking for a viable way out of this situation, most observers have underlined the need for a reduction in the very high level of real interest rates in the United States. There is no question that this is a key factor for several reasons. Lower interest rates

[would] hasten economic recovery in the U.S. thereby improving trade prospects for America's trading partners, particularly, of course, Canada. Lower U.S. interest rates would also allow other countries to reduce, at least somewhat, their own interest rates, which have been kept high in order to encourage investment and to protect currency values. In addition, lower American interest rates and a less-strong American dollar would greatly help the Third World in servicing its debt and paying for its oil. For these reasons the outcome of the U.S. budgetary process continues to be of crucial importance, not just of course for the United States, but for all of its economic partners.

An agreement has recently been arrived at between both Houses of Congress and accepted by the Administration but it is seriously flawed by the size of the deficit, which may well foster further lack of business confidence in the policies of the Reagan Administration. In case you're tempted to ask how a member of a government which just a week ago reported a larger-than-expected budgetary deficit can criticize the deficit in another country, let me point out that the growth of our Canadian budgetary deficit has occurred by reason of the operation of economic forces, of automatic stabilizers which reflect in government expenditures and government revenues what is happening in the economy. The larger American deficit, on the other hand, is deliberately chosen, in that it results from a conscious choice simultaneously to decrease taxes and greatly to increase military spending. Furthermore, in relation to the best criterion, which is the personal savings rate (12.4 per cent of disposable income in 1981, compared with 5.3 per cent in the U.S.), the Canadian budgetary deficit has very much less effect on private sector investment than that of the United States.

Returning to my main theme, I fear that the pressures from the prolonged recession are spilling over into trade relationships, generating demands for new — and indeed old — forms of protectionism. Manifestations of these protectionist demands include a call for reciprocity of fair trade from the U.S. Congress, and increasing use of restrictive measures outside the General Agreement on Tariffs and Trade (GATT) framework. In some cases, especially between the United States and the European Community, serious trade disputes have erupted which threaten to prejudice long-standing economic and political relations. In this particularly difficult situation it is crucial that the industrialized countries work together, not only to achieve recovery but also to defend an open multilateral trade and payments system which will allow the benefits of that recovery to be passed from one country to the other.

Versailles declaration

At the Economic Summit in Versailles, the leaders of the seven Summit countries, with our Prime Minister playing an important role, clearly recognized the scope of the difficulties facing all our countries. They endorsed a declaration that stressed the need for a further reduction in inflation and a return to higher levels of growth and employment. They specified that these goals were attainable only if, in addition to the individual efforts of each country, Summit countries joined forces and were sensitive

to the effects of their policies on others.

The Versailles declaration also reaffirms the commitment of Summit countries to strengthen the open trading system and to resist protectionist pressures. These undertakings are not, of course, sufficient in themselves. They must also be translated into action. However, their reaffirmation at this critical stage serves to underline the common commitment of the world's leading industrial powers to work together and serves as a useful signal of support to other organizations, especially the GATT which is to meet at ministerial level in November.

The Versailles Summit was marked by several other achievements, especially a package of undertakings in the financial area which should help to promote a greater convergence of economic policy aims among Summit countries, but I should leave it to another occasion to develop this aspect of the situation.

Export credit subsidies

However, I do want to refer briefly to some other issues which are currently disturbing us. The first such issue is competition over export credit subsidies. I don't need to emphasize to a group such as this the importance of government support for Canadian exporters in the highly competitive international business world. But the cost has become very high. An arrangement among OECD countries to regulate and limit the trade distorting aspects of competition on export credits has come under growing strain in the last two or three years and increases in market interest rates have far out-paced negotiated rate increases in the arrangements. It is estimated that by 1981 arrangement participants were spending between \$5 and \$6 billion a year to subsidize their exports through below-market credits and assets — not a very healthy situation.

Some progress has recently been made in tightening discipline on export credits through a package of measures which reclassifies borrowers according to objective criteria and which increases the general level of interest rates.

Canada has been pressing for greater progress towards market levels so as to reduce the burden of costly subsidies. Yet difficult as it is to support this burden, the choice is a stark one. Either we provide financing to match the competition on large capital goods exports or risk losing business and jobs to our competitors. A widely publicized case in point was the recent tender to supply subway cars to New York City. Canada's official credits agency, the Export Development Corporation, had to provide a competitive package to meet an offer from France, at well below market rates, to allow the Bombardier company to compete on an equal footing for a contract for the export of 825 subway cars to New York's Transit Authority. I can assure you that providing big cash subsidies for the sale of Canadian products to a foreign utility gives us no joy whatsoever, but neither would the loss of a contract of \$1 billion — the largest contract in the history of this country — on which so many jobs depend. We very much want to see arrangement rules tightened so as to prevent such self-defeating competition in future.

Another issue which has dramatically moved to the forefront of the economic agenda is that of East-West economic relations, following setbacks to *détente* and the deterioration in the prospects for economic co-operation.

At the Ottawa Summit last year, it was agreed that consultations, and where appropriate co-ordination, were necessary to ensure that the economic relations of Summit countries with the East were compatible with Western political and security objectives. Since then the United States has sought to improve the system of controls on trade and strategic goods and to minimize what it sees as potential Western European vulnerability created by dependence on trade with the East, especially in the energy field. You've heard, I'm sure, of the proposed Siberian natural gas pipeline.

**More agreement
needed in West**

At the time martial law was imposed in Poland, Canada and other Western countries applied certain sanctions to Poland and the U.S.S.R. More recently, in the light of the continuing Polish situation, the U.S. has sought to limit export credits to the Soviet Union. Discussions over the past twelve months have, however, revealed differences in the approaches and interests of the Western countries. Prospects for East-West trade have also been clouded by the evident and growing economic difficulties facing some of the Eastern European countries and the growing level of their debt. What's plainly needed is more agreement among Western countries on what our political and economic aims should be, with regard to the East, taking account of the interests of all Western countries.

Some progress towards this aim was made at the Versailles and Bonn North Atlantic Treaty Organization (NATO) Summits, where participating countries agreed to pursue a careful and diversified economic approach to the U.S.S.R. and Eastern Europe, and particularly to observe commercial prudence in extending export credits. Despite this consensus, which seemed to bring Western countries closer together, President Reagan on June 18 extended American sanctions against the U.S.S.R. by restricting the export of oil and gas equipment to that country by U.S. owned or controlled foreign firms, including foreign holders of U.S. licences. This action has raised again the issue of the extraterritorial application of U.S. law, the attempt by the United States to make its laws apply outside the territory of the United States.

Canada, for its part, has long believed that trading relations between East and West can be mutually beneficial and a stabilizing factor in international relations. However, we also believe a prudent approach to economic relations with Eastern European countries is justified at this stage on commercial grounds alone. As well, we support a common agreement to eliminate the subsidy element of export credit to the U.S.S.R. as part of the broader agreement on export credit to which I referred earlier.

Third, let me flag a further issue that has gained increasing recognition in the past decades and will remain a vital issue for years to come. This is the urgent need to promote the economic viability of Third World countries and to work for their

integration into the international economic systems. The particularly difficult economic situation facing these countries, as a result of the present recession, makes it all the more imperative that we keep this issue in focus and continue our efforts to create a more just world. The Versailles Summit declaration clearly recognizes this need, and in these difficult times we must resist the temptation to ignore it.

From the foregoing, it is clear that the international economic system is facing perhaps its most serious challenge since the Second World War. It is clearly not within Canada's grasp alone to provide a solution to the world's crisis. However, it is within our negative potentiality to worsen the international economic crisis as it applies to us, and it is to the avoidance of this possibility that I want to turn for a final moment. To ensure objectivity in approaching this subject, let's turn for a basic analysis to the OECD.

Wage restraints necessary

In a report prepared before last week's budget in Canada, the OECD warned that Canada's productivity growth remains the second lowest of the 16 OECD countries. The report spoke of "the moderation in wages in all of the seven largest OECD countries, except Canada," and added "we've very concerned because of the growing difference between U.S. inflationary performance and Canadian inflationary performance". The report's conclusion was that Canadians will have to exercise severe wage restraint in order to improve our country's competitive position.

Very similar words were used, and an appropriate solution recommended, a week ago by the Minister of Finance, the Honourable Allan MacEachen. Price inflation can be brought down, he said, by accepting for the time being income increases that are lower than the current rate of inflation. This strategy will lead in the short run to a lowering of income but it will soon slow the process that is eroding our pay cheque. It will check the rise of unemployment and it will establish a firm basis for resumption of real income growth throughout the economy. It will also, of course, increase our international competitiveness. This is the six per cent world of recovery as opposed to the 12 per cent world of recession.

As Mr. MacEachen says, the choice is ours. And it has to be a group choice. There has to be a willingness on the part of all Canadians to join together to resolve our common problem. We're all in this together and we can solve it only together.

There are some labour leaders who want to stand aside, to let others assume the burden which they want to evade. As a member of the only group in Canada whose income was actually cut by the budget, the members of Parliament, I think that I'm entitled to say that unless we all participate ourselves, and exercise our influence to try to ensure that others do so as well, we can't succeed. This is really a problem, I think from which no group can be entirely exempt. Well, there is one group that I think we will all want to exempt, and that is the group of old-age pensioners who are on the guaranteed income supplement, those who are by our definition living in

poverty and who are getting extra assistance through the guaranteed income supplement. They will not, by the budgetary proposals, be affected either in the old-age security part of the payments or in the guaranteed supplement itself.

But I think that even other old-age pensioners will want to be part of the solution to this problem which affects us all. They are citizens like the rest of us and I think that they would want to share in their way. It's not a large way, because the impact on them will not be great, but all of us will participate to the extent of our income in this attempt to halt the advance of inflation.

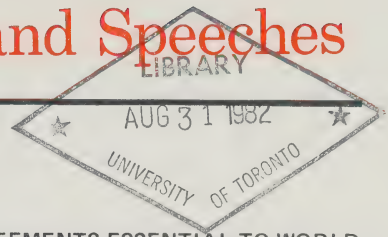
**Problem of
all Canadians**

This is not someone else's problem. It is our problem. There isn't anybody else to solve it. We can't pass it off to somebody else. The government is giving leadership. That's what Canadians are asking for, and the government has laid out a program to suggest to Canadians how to handle this.

But the government is not the country. The government can't do it all itself. This is what the OECD tells us we must do and it's what our own common sense tells us we must do. It's not someone else's problem, it's our problem. There is no one else to solve it. We are in effect the problem. We must also be the solution. We must not fail ourselves, we must not fail our world....

Statements and Speeches

No. 82/17



ARMS CONTROL AND DISARMAMENT AGREEMENTS ESSENTIAL TO WORLD PEACE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, at the twenty-fifth anniversary meeting of the Pugwash Movement, Pugwash, Nova Scotia, July 16, 1982

...Today, as never before, people throughout the world are increasingly concerned about the spiralling arms race and are looking not only to governments but to groups such as yours to generate possible new approaches to the complex issues of arms control and disarmament.

The founding of the Pugwash Movement anticipated this increased public interest. The manifesto issued by Bertrand Russell and Albert Einstein called on governments to renounce war rather than follow a course which could put an end to the human race; the core of people's concern today is exactly that. As Prime Minister Trudeau put it at the second United Nations Special Session on Disarmament (UNSSOD II), the people of the world "are reminding political leaders that what is at stake is the crucial matter of the life or death of mankind."

Pugwash
Movement
influential

The manner in which the Pugwash Movement has spread to embrace distinguished people in many countries reflects its importance. In Canada its influence continues to expand in what I consider to be a most significant way, because it's reaching out to the young men and women of our country. I'm referring to the birth a year ago of Canadian Student Pugwash, which held a well-organized and successful first conference in Ottawa and, a few weeks ago, an Atlantic Regional Conference in Halifax. The Canadian government was pleased to offer assistance for both of these conferences, as it did for your conference in Banff last summer.

During the next two days you will undoubtedly be discussing UNSSOD II which ended last week, and also the prospects for the period ahead. I should like to share with you some thoughts on each. In my view, it would be a mistake to dwell too long on what was not achieved at UNSSOD II or to succumb to the temptation of sustained hand-wringing about failure. Rather, we should be grateful that it was held at all in spite of an exceedingly unpropitious international atmosphere.

We should also welcome the fact that UNSSOD II preserved intact the viability of the United Nations system to deliberate constructively on international security matters, particularly arms control and disarmament. Despite the temptation to vote resolutions which could not achieve consensus, the non-aligned countries in the end chose the path of realism rather than a procedure which could only devalue the system.

An important achievement of UNSSOD II was its reaffirmation of the Final Document of UNSSOD I. The Program of Action in that Final Document highlighted the importance of the negotiating process, as did the many world leaders who addressed the Special Session.

Verifiable arms control agreements

In his address Prime Minister Trudeau seized the occasion to call again on the nuclear powers to negotiate four verifiable arms control agreements which, in their combination, would halt the technological momentum of the nuclear arms race. They are: a comprehensive nuclear test ban; a ban on the flight-testing of all new strategic delivery vehicles; a ban on the production of fissionable material for weapons purposes; a limitation and eventual reduction of military spending for new strategic weapons systems. This strategy of suffocation, the Prime Minister stressed, is not in competition with current negotiations on reductions of all nuclear weapons. To underline this point, he proposed that the strategy be enfolded into a policy of stabilization which has two complementary components: the current negotiating approach aimed at achieving a stable nuclear balance at lower levels; and the strategy of suffocation aimed at inhibiting the development of new nuclear weapons systems.

Canadian statements in the working groups and the Committee of the Whole underlined Canada's flexibility and desire to search for consensus language on such agenda items as a comprehensive program of disarmament, enhancement of the effectiveness of disarmament machinery, and a world disarmament campaign. It was a Canadian informal paper which formed the basis of deliberations on a world disarmament campaign, and sustained Canadian efforts played no small part in the consensus achieved on the conduct of the campaign. Canada was also active in its traditional role of chairman of the Barton Group, the informal consultative body of 20 like-minded Western countries. Attached to our delegation were 19 parliamentary observers and 15 consultants drawn from non-governmental organizations and universities. In addition, the Canadian delegation provided regular briefings for members of Canadian non-governmental organizations attending the Special Session.

Although the second Special Session on Disarmament didn't achieve all that many people and governments hoped for, it did serve to focus attention on the crucial and often complex arms control and disarmament issues of our time. It also served, I believe, to underline the extent to which an exceedingly heavy responsibility rests with those countries which have embarked on serious arms control negotiations.

While the picture may not appear as bright as many would like, I'm nevertheless hopeful about the future. I believe that the superpowers themselves want to avoid moving in the direction of nuclear confrontation and that each can see their national interests being served by agreements.

Why, you may ask sceptically, am I so persuaded?

First, the existence of nuclear weapons and the incalculable consequences of their use, even on a limited scale, have proved to be an effective deterrent for over 30 years. The fact that either side can now absorb a first strike and still respond with devastating effect has caused each side to proceed with caution and to avoid confrontation in times of crisis.

**Agreements
respected**

Second, existing agreements are being respected. In accordance with the first Strategic Arms Limitation Talks (SALT I), which includes the Antiballistic Missile (ABM) Treaty and the Interim Agreement on Offensive Arms, both the Soviet Union and the United States have taken steps to dismantle strategic systems. The U.S.S.R. has dismantled a number of "Yankee" class submarines and the U.S. is dismantling its *Polaris* subs as new *Trident* submarines are being put into service.

Third, although considered "badly flawed" by critics, SALT II is being largely implemented by both sides. In a recent speech President Brezhnev expressed his willingness "to preserve" the positive aspects of previous agreements. President Reagan has welcomed Mr. Brezhnev's statement and has indicated that U.S. policy is to take no action that would undercut existing agreements provided the Soviet Union exercises equal restraint.

Finally, two negotiations on nuclear weapons are underway in Geneva. I don't need to rehearse for this specialized audience the details of the positions put forward by the United States, which in the case of intermediate-range nuclear forces (INF) have been worked out in consultation with allies, including Canada.

**Criticism
of Western
position**

Numerous criticisms have, as you know, been levelled at the Western position in both sets of negotiations, the main one being that by concentrating on those forces where the U.S.S.R. has superiority the Western positions are manifestly unfair, if not non-negotiable. My answer to this criticism is two-fold. First, our prime objective is to create a greater degree of stability, and consequently it makes sense to concentrate in the first instance on those systems which have created a high degree of imbalance and are destabilizing — the SS-20s in the European theatre and heavy Soviet *ICBMs* with multiple warheads in the intercontinental theatre. Second, the U.S. has made clear in the Strategic Arms Reduction Treaty (START) talks that other systems of direct concern to the Soviet Union (heavy bombers and submarine-launched ballistic missiles) are also negotiable. Most important, the West is seeking in these talks actual reductions. One should not lose sight of the fact that both of the SALT agreements established limits. They didn't result in any significant reductions in existing forces, and in some respects allowed the parties to increase up to the agreed limits. Frankly, from the reports I have received to date on the INF and START talks, I am impressed by the serious and businesslike approach of both sides.

The Vienna talks on force reductions in Central Europe are in their ninth year but

have so far not attracted much media attention in Canada. While some progress has been made in these negotiations, in which Canada is a direct participant, the principal stumbling block has been the failure to reach agreement in factual terms on the present strength of Warsaw Pact forces. The Soviet Union insists that the total number of Warsaw Pact Organization forces in the area is almost 150 000 less than the number which has been confirmed by the best allied intelligence available. Continuing efforts have been made by the Western negotiators to persuade the Eastern members to provide a detailed breakdown of their figures to support their calculations or to co-operate in clarifying the differences between Western and Eastern figures. Unless both sides can agree on the numerical base from which reductions must be made, clearly it's virtually impossible to verify what's left after reductions even if such reductions can be monitored. Moreover, the Eastern side has proved to be very reluctant to accept what the North Atlantic Treaty Organization (NATO) would regard as adequate verification measures.

**Binding
obligation
agreement
proposed**

New life is being injected into these negotiations through a draft treaty tabled by the West last week in Vienna which makes substantial concessions to the Eastern side. The West now proposes that the countries concerned should undertake a binding obligation in one agreement (instead of two sequential agreements as proposed previously) to reduce to a common collective ceiling on each side of approximately 700 000 ground force manpower and 900 000 ground and air force personnel combined. These reductions would be in four stages over a period of seven years, with the United States and the Soviet Union withdrawing 13 000 and 30 000 troops respectively in the first year after conclusion of the agreement. Other direct participants including Canada would join in the reduction process in the three later stages. Agreement on manpower data would remain a pre-condition. If the Warsaw Pact countries are prepared to co-operate, particularly on the question of the actual present strength of their forces in the area and on verification, it should now be possible to progress more rapidly towards an agreement.

I'm certain you would agree that a reduction and balancing of the existing levels of troops of the two Alliances confronting each other in Central Europe would serve to reduce tensions and improve the climate of East-West relations. Such an agreement would also maintain and even enhance the security of the two sides.

The Committee on Disarmament (CD), the multilateral negotiating body in Geneva, will resume its 1982 session early next month. Its new Working Group on a Comprehensive Test Ban will begin its work on verification and compliance. Its Working Group on Chemical Weapons will build upon previous progress. Another subject to be taken up is that of arms control and outer space. This question is one of special interest to Canada. In his speech to UNSSOD II the Prime Minister drew attention to the serious gaps in the present international agreements and proposed that an early start be made on a treaty to prohibit the development, testing and deployment of all weapons for use in outer space.

With such an arms control and disarmament agenda — START, INF, MBFR [Mutual and Balanced Force Reductions], CD — there are grounds for hope, especially compared to the situation as recently as a year ago when you gathered in Banff.

I should now like to suggest areas in which the Pugwash Movement might expand its efforts in the years ahead. It should come as no surprise that they are areas of traditional importance to Canada.

**Consideration
of all weapons
systems**

One of the great strengths of the Pugwash Movement has been its recognition that the promotion of peace and human survival necessarily involves the consideration of all weapons systems. I'm thinking in particular of the excellent work over the years in the Pugwash Chemical Weapons Seminars. I consider these meetings to be among the major achievements of the first 25 years of the Movement. Ever since the First World War, a ban on chemical weapons has been high on any list of Canadian priorities in arms control and disarmament. In the Committee on Disarmament in Geneva, the same expert who has attended Pugwash Chemical Weapons Seminars has participated with experts from other countries in the Working Group on Chemical Weapons established in 1980. One of the initiatives I announced last week is that henceforth Canadian experts will participate in the Working Group for longer periods as and when warranted. We're convinced that the international negotiating machinery that's in place must be used to achieve a comprehensive ban on chemical weapons. Adequate verification provisions will be among the most important parts of such a treaty. Canada has noted with interest the positive approach to verification procedures in Foreign Minister Gromyko's remarks at UNSSOD II. We would be encouraged if this attitude were reflected in the ongoing negotiations in the CD.

It's my hope that in the next 25 years members of your Movement will give even greater attention to chemical weapons and to other non-nuclear weapons systems. Part of the educational task of the Movement is, I believe, to increase public understanding that to attain peace and human survival one must seek to limit and reduce all weapons systems. It would be a tragedy if a result of the understandable and justifiable public concern about nuclear weapons were to make non-nuclear war more likely. Your business and the business of governments must continue to be the promotion of steps which reduce the likelihood of the use of force — the use of any weapons system.

**Verification
essential**

My second suggestion concerns verification. Prime Minister Trudeau said at the second Special Session that "the international community should address itself to verification as one of the most significant factors in disarmament negotiations in the 1980s". He was, of course, addressing primarily governments. But individuals with expertise and non-governmental organizations also have a vital role to play not only in achieving greater public understanding but also in ensuring that all available expertise is applied to this increasingly complex subject. Since the Second World War Canada has attached special importance to the development of international verification mechanisms. In recent years the government has drawn on technical expertise in a

number of departments. Further steps are being taken at the present time. We've committed funds to enable Canada to become a member of the international seismic-data exchange, an international verification mechanism being developed in connection with a comprehensive nuclear test ban. In a few months Canada will be joining those countries already exchanging data on a provisional basis. We've called for the early implementation of the exchange in advance of a treaty.

Within our research and public information program, established after UNSSOD I and substantially increased in size this year, we intend to put special emphasis in the coming year on research projects related to verification by Canadian universities, institutes and individuals.

We will also institutionalize an expanding Canadian role in verification issues in order to utilize effectively expertise in several government departments and in the private sector in the negotiation of agreements on nuclear, chemical and conventional weapons systems. I'm referring in particular to expertise in seismology, nuclear safeguards, remote sensing, toxicology and protective measures against chemical weapons, and communication satellites.

**Attention to
horizontal
proliferation**

There's a third subject which deserves the attention of the Pugwash Movement in the years ahead. It's horizontal proliferation of nuclear weapons. At UNSSOD II member states including Canada quite rightly concentrated on vertical proliferation. But Canada, as a strong supporter of the Non-Proliferation Treaty (NPT), has always insisted that the two can't be separated in reality. Thus Canadian priorities in arms control and disarmament include the promotion of the evolution of an effective non-proliferation régime based on the NPT.

Canada's non-proliferation policy as it's applied to nuclear exports is intended to inhibit the diversion of nuclear materials for weapons purposes. Our two-tiered approach to the safeguarding of nuclear exports provides a strong lead to the rest of the world.

In the first instance, we require that prospective nuclear partners, if they are non-nuclear weapons states, be parties to the NPT or have made equivalent commitments, including "fullscope" safeguards. Second, countries must enter into a bilateral nuclear co-operation agreement with Canada which incorporates, *inter alia*, the provision of "fallback" safeguards. These two requirements combine in a comprehensive, systematic manner and form the foundation of Canadian nuclear export policy, which is applied without discrimination, and under which proliferation can't occur unless treaty obligations are broken.

Canada's commitment to the use and diffusion of nuclear technology for peaceful purposes continues. Indeed, in the context of a broad Canadian effort to redouble its assistance to developing countries, Canada has recently signed or negotiated nuclear

co-operation agreements with Egypt, Indonesia, Mexico and the Philippines, as well as with Sweden, the European Atomic Energy Community (Euratom) and Australia. We're currently engaged in an initiative to enlarge co-operation to include regulatory training, the exchange of technical information, and co-operative responses to potential radiation emergencies. It's our hope that this initiative can become a model of technology transfer to strengthen nuclear co-operation with the Third World.

A realistic assessment, however, suggests that Canada has, for the most part, proceeded as far as is feasible on its own in exerting national influence to prevent a spread of nuclear weapons. It's now clear that further progress will be largely contingent upon multilateral agreements under the auspices of the United Nations and the International Atomic Energy Agency (IAEA).

The international community accomplished a significant step forward with the NPT, and we can look back with satisfaction at the fact that there are now some 115 signatories. At the same time, however, it should be recognized that the NPT is an initial treaty and that it needs to be perfected. I hope that in historical terms the NPT will be considered as a watershed, as it has provided the vehicle for a large majority of UN member countries to express formally and for the first time their total renunciation of nuclear weapons and weapons capability. I would also hope that the NPT will spawn new, more comprehensive and more truly universal treaties.

**Key element
of NPT
unfulfilled**

In this regard, it can't be ignored that although the NPT emphasizes the non-discriminatory transfer of peaceful nuclear technology, it also provides, under Article VI, for the rapid and effective movement towards disarmament and the de-escalation of the arms race on the part of nuclear weapons states. The fact that this key element of the NPT remains unfulfilled suggests to me that a tangible move towards disarmament on behalf of the superpowers represents the best possible means to indicate, with sincerity, their belief in the legitimacy of non-proliferation.

Accordingly, in the context of the United Nations and the IAEA, Canada is prepared to seek international consensus on the development of principles which would result in a more universal and a more effective approach to non-proliferation. Such principles should include a formal renunciation of nuclear explosive devices and an agreement to permit the safeguarding of all nuclear activities throughout the entire range of the nuclear fuel cycle as fundamental to the creation of a stable and permanent non-proliferation régime. Under such conditions, bilateral nuclear commitments could then be subsumed into a truly equitable and responsible international order.

It's my belief that the moment has arrived for genuine movement through collective institutional and policy approaches towards the realization of these objectives. If states fail to engage this challenge in a manner which is both imaginative and just, the prognosis for the uncontrolled horizontal proliferation of nuclear capabilities will remain more of a threat than an opportunity for enhanced international co-operation.

Greater public understanding

One of the underlying themes of my remarks today has been public understanding, which has been a continuing objective of the Pugwash Movement. The challenge of promoting greater public understanding faces governments and non-governmental organizations alike. In the period between the first and second Special Sessions, there were a number of UN studies designed to improve public understanding. In addition, there was the very thoughtful Report of the Independent Commission on Disarmament and Security Issues chaired by Olof Palme. Canada was active in these endeavours. Robert Ford, the former Canadian Ambassador in Moscow, was a member of the Palme Commission and the Canadian government made a substantial financial contribution to its work. Canadian experts participated in a number of UN disarmament studies. In the case of the study on the relationship between disarmament and development, the government also funded the writing of a popular version of the report, which has now been published commercially in French and English and other languages.

I have no quarrel with those who wish to alert our peoples to the potential horrors of a nuclear war. The objective they seek, a world safe from the threat of a nuclear conflict, is the same goal which the Canadian government pursues by every means at its disposal. We're not always in agreement, however, on how this end can best be achieved. To explain complex negotiating positions to the general public can be exceedingly difficult. Simple declaratory statements are fairly easy to grasp but the potential negative implications for our overall objective — peace and security — are seldom self-evident. Moreover, in my experience, efforts to describe them can often be misunderstood. I very much hope that the Pugwash Movement will play its part, for which it is so eminently suited, in explaining that facile declaratory measures are no substitute for the negotiation of equitable and verifiable arms control and disarmament agreements.

The easy response to the current tensions of the international situation is to argue that only disarmament or only defence fundamentally matters. However, to insist that only one or the other can enhance security and preserve peace is to misunderstand the basic components of security policy. The realistic position is to recognize that disarmament and defence complement and support each other. Our challenge as responsible internationalists is to search for and discover new approaches to a balanced security policy which will both maintain our dedication to our ideals and enable us to move towards a realizable possibility of world peace.



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No. 82/18



NEW FORMS OF CO-OPERATION FOR CANADA AND ASEAN

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Foreign Ministers of the Association of Southeast Asian Nations (ASEAN), Singapore, June 17, 1982

...Last year when we met in Manila I noted that Canada and the Association of South-east Asian Nations (ASEAN) had not had a formal dialogue session at the level of officials since the meeting which took place in Ottawa in November 1977. This was in spite of the degree of consultation we had achieved on a wide range of international and common issues and in spite of the very significant number of visits which had taken place between Canada and ASEAN. These contacts had provided effective and useful channels of communication but I suggested last year that perhaps the time had come to renew the official level dialogue. The dialogue has since been resumed and some of my officials with me today are fresh from the third Canada-ASEAN Dialogue Session which took place just three weeks ago in Manila.

The resumption of the ASEAN-Canada dialogue after an interval of almost five years signifies in my view the opening of a new phase in the relationship between Canada and ASEAN. In the early stages of the relationship it looked as though co-operation between Canada and ASEAN was being cast in the mould of a traditional donor-recipient aid relationship. While development assistance will continue to be an important element of our co-operative efforts we have been concerned that it should not be regarded as the main feature of the relationship. Thus, we wanted to be sure that when the dialogue resumed it would reflect the fact that Canada and ASEAN are moving towards a new kind of mutually beneficial partnership.

Along with the resumption of the dialogue, another sign of the new phase we have entered in our relationship is the Economic Co-operation Agreement which we signed in New York last September and which came into force on the first day of this month. In our view this agreement provides the broad framework for consultations to proceed on a regular basis with the aim of expanding and deepening the co-operation between Canada and ASEAN. Our officials at the Manila Dialogue Session reached agreement on the rules of procedure for the Joint Co-operation Committee (JCC) called for in the agreement. The JCC which is to meet normally once a year, will henceforth subsume future official level dialogue sessions.

Increased trade

The Manila Dialogue highlighted an improvement in our commercial relations which have steadily become more important. With respect to our two-way trade, I should like to commend your export performance in the Canadian market in 1981. ASEAN countries enjoyed an appreciable increase of 16 per cent in their exports to Canada

with notable surpluses in favour of Singapore and the Philippines. This attests to your sustained efforts in promoting ASEAN products in Canada. It also suggests a growing consciousness among Canadians of ASEAN's export capabilities.

The 7 per cent annual growth of ASEAN economies has created opportunities for exports to Canada as well as for exports from Canada. In the period 1975 to 1981, two-way trade between Canada and the ASEAN countries trebled in value from \$350 million to over \$1 billion. Throughout the 1970s, trade between Canada and ASEAN grew as much as three times faster than Canada's trade with the rest of the world.

One of the most visible signs of ASEAN's growing profile came during the recent second Pacific Rim Opportunities Conference in Toronto when the Canadian response to the ASEAN-related discussions and activities was excellent. Media coverage in Canada on ASEAN has also increased substantially, culminating less than a month ago with a full supplement devoted to ASEAN in one of Canada's leading business papers, the *Financial Post*.

It is clear that the Canada-ASEAN relationship is sound and prospects are bright. I am encouraged by the progress attained during the recent dialogue as to how we can work together to quicken our efforts. I see the need to press for the attainment of two major objectives: (1) to make ASEAN a familiar term in the boardrooms of Canada; and (2) to have government and business leaders in ASEAN think of Canada as a reliable trading partner and indeed a major source of goods and services, of technology and investment. In fact, these objectives are two sides of the same coin.

Extension of GSP

One of the areas of commercial co-operation explored at the dialogue was access to the Canadian market for ASEAN products under the general system of preferences (GSP). I am pleased to report that only a month ago, my government agreed to extend the GSP for a further ten year period and that it will soon be introducing legislation to implement cumulative rules of origin. I understand that progress was made in clarifying other aspects of the GSP that you raised in Manila and that discussions will continue over the coming months.

I think it is important to reiterate here that the Canadian market remains one of the most open in the world with total imports amounting to almost \$70 billion a year. Even in the sensitive area of textile and clothing, Canada is the industrialized world's largest *per capita* importer of textile products and clothing for domestic consumption. The negotiations we concluded recently with four of the ASEAN member countries resulted in terms as generous or more generous than required under the Multi-Fibre Agreement.

Under these conditions and with current plans of the ASEAN member countries for economic diversification, prospects for a greater penetration of the Canadian market

are good. In fact, it is happening already as I have noted in volume terms and indeed in terms of the composition of ASEAN exports which in 1981 included electronic and telephone components, tropical furniture, toys, household and other consumer related items as well as more traditional primary products.

Canada, for its part, is looking for a greater recognition in ASEAN countries of its export capabilities. Canadian firms are anxious to participate in the ambitious development plans of your countries; notably, energy and resource development, transportation and telecommunications. The Canadian government, for its part, takes every opportunity to portray ASEAN as a priority market area to its private sector. My department, for example, is currently preparing a series of trade development strategies outlining economic development and trade opportunities in your respective countries.

Joint ventures and investments

Another way we can co-operate is to encourage investments and joint ventures in Southeast Asia. Here I might mention CANEX '82 which I shall inaugurate in this city on June 22, 1982. Twenty-three small- and medium-sized Canadian industries are to participate in this exhibition which is aimed at the transfer of technology. With Canadian assistance some 80 key business people from ASEAN countries will attend this exhibition. After it ends we shall consult the participating firms concerning appropriate follow-up actions. My officials at the Manila Dialogue also mentioned that the Canadian International Development Agency (CIDA) sponsored numerous feasibility studies in your region in the last three years and the preparation of brochures on opportunities for investment in ASEAN. While the Manila meeting was in progress, Minister Sumarlin of Indonesia was in Vancouver to promote investment in the sectors of mining, timber, and pulp and paper. This visit followed similar missions from Malaysia and the Philippines and should result in increased Canadian investment in your region.

On the development co-operation front, the main thrust of our activities up to now has been in the context of traditional aid. These include the ASEAN-Canada Forestry Seed Centre and the fisheries post-harvest technology project. I am pleased to say that we now have several new flexible instruments and mechanisms in CIDA through which we have already begun to broaden our range of co-operation with ASEAN and its member countries. These include our Industrial Co-operation Program through which we can tap the resources of expertise, knowledge and financing which reside in the private sector, the Institutional Co-operation Program through which we can finance joint ventures between Canadian universities, colleges, technical and other institutions and their counterparts in the developing world, and the Management for Change Program which enables us to contribute to projects to enhance managerial capacity.

Areas for co-operation identified

The Manila Dialogue identified a number of areas in which we intend to co-operate and which we propose to explore without delay. Some of these are a seminar in Canada in 1983 to bring together ASEAN experts in the energy sector with their

Canadian counterparts. It would be followed by a study tour of Canadian institutions and other facilities in the field of energy such as the newly created Petro-Canada International, a major new Canadian initiative which is focussing *inter alia* on the Philippines and Thailand to help reduce their dependence on imported oil. Canada also undertook to finance a technical economic feasibility study on the setting up of a regional coal handling depot.

With regard to oceanography, we have agreed to provide \$500 000 (Cdn.) as seed money to support studies which would lead to more active collaboration between Canada and the ASEAN countries in this field. We have also expressed our willingness to hold a seminar on vocational training to explore ways in which we might collaborate to mutual benefit.

These are a few examples of the many ways in which Canada and ASEAN are moving to new forms of co-operation. We hope that we can consider the ASEAN-Canada dialogue as a means of doing things together — of exploring problems together, of sharing ideas together — rather than as a means of merely extracting concessions, or obtaining funds. To this end we propose to contribute to the shaping of the agenda for next year's JCC meeting in Canada.

I have dwelt at length on our economic relations with ASEAN. However, Canada's support for and interest in your association stems from a strong political commitment. We have been impressed by ASEAN's growth and sense of common destiny, and by the economic and social progress you have been able to achieve in the region which has been an essential underpinning for peace and stability. Accordingly, we shall continue to co-operate with ASEAN in the search for a peaceful settlement in Cambodia which will remove foreign occupation troops from that tragic land, provide for the Khmer people to choose their own government free from external pressure and halt the flow of refugees. So long as Hanoi refuses to end its occupation of Cambodia, Canada for its part will not help subsidize its military activities by extending development aid to Vietnam. At the same time we shall continue to share the refugee burden that has fallen in the first instance on the shoulders of the people of the countries of ASEAN.

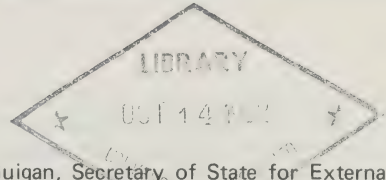


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Statements and Speeches

No. 82/19

GROWING CANADA-ASEAN RELATIONS



An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs*, to the Joint International Conference of the Canadian Council for Southeast Asian Studies and the Institute of Southeast Asian Studies, Singapore, June 21, 1982

...This conference marks an important milestone for Canada in the further growth and enhancement of its links with Southeast Asia. The Canadian Council for Southeast Asian Studies has an active and distinguished record, now in its thirteenth year, in fostering and encouraging Southeast Asian studies in Canada. This meeting marks the first major Canadian conference of its kind to be organized as a collaborative effort in an Asian locale. Such an event can only be viewed as an important indicator that relations between Canada and Southeast Asia have come of age.

Southeast Asia has been, for thousands of years, a crossroad between the Indian Ocean and the Pacific. It is a region where the great religions of the world have converged. Its fabled trade in spices and other resources was the object of centuries of colonial rivalry. Its natural resources and strategic position in more recent times have brought to the region the attention and involvement of the super-powers of the twentieth century. It remains today the scene of great power rivalry and engages the interest of China, the USSR, the USA and Japan.

In the context of this legacy, Canada's early links with the Southeast Asian region were modest indeed. In the 1920s trade missions were opened in Singapore and Batavia, later to become Jakarta. Although a consulate general was opened in Manila in 1949, our first diplomatic post in the region was opened in Jakarta in 1953. Ties with Malaysia and Singapore began with the Commonwealth connection, subsequently supplemented by the evolution of our aid program under the umbrella of the Colombo Plan.

Involvement in peace efforts

The end of the first Indochina war in 1954, marked the beginning of Canada's participation in the international efforts to find a lasting peace in the troubled Indochinese peninsula. While the Canadian participation in the International Control Commissions did not bring peace to Indochina, we persisted for almost 20 years in these efforts because we believed that we had a contribution to make in upholding a painfully achieved peace and in advancing the cause of stability in the political turmoil of the region at the time. One long-range result of this Canadian presence in Vietnam, Cambodia and Laos was the sense of involvement of a whole generation of foreign service officers to Southeast Asia. At one point, as many as 30 per cent of the whole External Affairs officers corps had served in Indochina. The experience acquired in Southeast Asia by External Affairs subsequently very much kindled

*Delivered on behalf of the Secretary of State for External Affairs by Mr. W.T. Delworth, Assistant Under-Secretary, Asian and Pacific Affairs.

Canadian interest in that part of the world, which until 1954 had been relatively unknown to Canadians. Thus, as we enter the last quarter of this century, the growth of our links with Southeast Asia have witnessed a remarkably accelerated evolution.

The minister's activities here in the region over the last week illustrate the vitality of Canada's current relations with Southeast Asia, particularly the Association of Southeast Asian Nations (ASEAN). Last week he met with the foreign ministers of the ASEAN countries to exchange views on global economic issues as well as regional and international political developments which concern all of us. This is the third such meeting I have attended. Yearly consultations with the ASEAN foreign ministers have become an important item on the minister's agenda. This recent meeting also afforded an opportunity to review the great progress that has been achieved during the last year in Canada-ASEAN relations. In September 1981 in New York the five ASEAN foreign ministers and Dr. MacGuigan signed an agreement on economic co-operation. The agreement establishes a framework under the aegis of a joint co-operation committee for combined co-operation in industrial, technical development and commercial fields. During the past year, specific agreements with ASEAN have also been concluded on forestry and fisheries projects. And, last month, the third Canadian-ASEAN Dialogue took place in Manila. In this dialogue views were exchanged on a wide range of economic and trade topics and specific areas for co-operation in the industrial and commercial sectors were identified — agriculture and forestry, energy, science and technology, as well as transportation, communications, human resource development, information and culture.

**Increased
economic ties**

The growth of economic and political consultations, and the expanding co-operation in development activities, attest to a strong commitment at the government-to-government level to enhancing economic ties between ASEAN and Canada. Parallel with these official links are the impressive efforts and achievements of our business sector. Commercial relations between ASEAN and Canada, viewed against our global trading patterns, have achieved important dimensions. In the period between 1975 and 1980 two-way trade between Canada and ASEAN more than trebled from a level of \$350 million to over \$1 billion. The real growth rate of Canadian exports to ASEAN from 1975 to 1980 was 19 per cent. In comparison, the growth rate of Canadian exports to the rest of the world was 6 per cent over the same period. A number of Canadian companies — among them Inco, Bata, Alcan, Northern Telecom, Husky Oil — have large investments in the area and the major Canadian banks are all represented in the region. An important event in contributing toward a more mutually beneficial relationship involving the private sector is the CANEX '82 exhibition which I will be opening here in Singapore tomorrow on behalf of the minister. This regional technology transfer exhibition, which is being funded through the Canadian International Development Agency (CIDA), has attracted over 20 Canadian firms and many candidates for joint ventures.

The tremendous growth in Canada-ASEAN relations in this field clearly illustrates the

importance this region has come to assume in Canada's external relations. With its large population and rich resource base it has become one of the fastest growing regions in the world. Projections are that real gross national product will average 6 to 9 per cent annually over the years ahead. For Canada, a country which earns almost one-third of its gross national product through trade, ASEAN is an area of vital interest.

More bilateral exchanges

A solid pattern of bilateral relationships between Canada and the individual member countries of ASEAN has developed. It is the country-to-country relationship which nourishes and enhances the over-all relationships with ASEAN as a whole. The number of senior level and ministerial visits between Canada and the countries of ASEAN has grown dramatically in the last few years. The visits have facilitated bilateral exchanges and consultation on political issues and in many diverse fields — energy, resources, trade, education, science and technology, North-South issues. This list of shared interests is an impressive indicator of the convergence of Canadian and Southeast Asian interests on a number of fronts.

Development co-operation is an important element in our bilateral relationships. Indonesia is among the largest recipients of Canadian development assistance. In the past year we have launched a development assistance program in Thailand. In the Philippines, Malaysia and Singapore development co-operation is conducted through CIDA's Special Programs Branch with particular emphasis on industrial and institutional co-operation. Indeed, our industrial co-operation program has brought to ASEAN more projects than in any other region in the world.

The Canadian presence in Southeast Asia is also manifested through the activities of non-governmental organizations, universities, and other institutions through the region. The locating of the Asia Regional Office of the International Development Research Centre (IDRC) in Singapore, the IDRC's support for many projects in the ASEAN countries, and its important role in this conference demonstrate Canada's strong commitment to working with the Southeast Asian research community in tackling the great challenges of development.

Perhaps the one dimension of Southeast Asia that has had the most direct impact on Canadians at large, and has so greatly heightened the profile of Southeast Asia in Canada, is the massive exodus of Indochinese refugees. We can take pride and feel some satisfaction in Canada's response to a crisis which threatened the social fabric and stability of several ASEAN countries. Canada's humanitarian concern and our commitment to maintaining peace and stability in Southeast Asia resulted in our accepting over 70 000 refugees from Indochina since the Communist victories in South Vietnam and Cambodia in 1975.

Greater cultural awareness

Canada's strong cultural ties across the Atlantic are rooted in the early patterns of settlement in our country. The growing presence of a Southeast Asian community in Canada — Indochinese, Filipino, Malaysian — has in a few short years altered and

enriched the diverse Canadian mosaic. And it has brought a greater sense of awareness of our Pacific and Asian dimension to the Canadian public at large. I believe this human factor will contribute significantly to broadening the focus of Canadians on the cultural and human bonds with Southeast Asia. And it will cement a firm foundation of Canadian ties with Southeast Asia.

I have dwelt at some length on our economic and trade relations with ASEAN and on the human dimension of our links with the Southeast Asian region. As important as these areas are and as impressive as progress has been in expanding relations in them, we must not lose sight of the central fact that it all rests on a foundation of political stability and a strong political commitment.

**Commitment
to peace and
stability**

The rapid growth in the last decade in relations between Canada and Southeast Asia has been made possible by a stable and healthy political relationship. The factor that has most encouraged the relationship in the development of ASEAN itself is the strong commitment of its member countries to peace and stability. The development of ASEAN is a striking example of a concerted political effort to resolve differences and co-operate in the pursuit of peace and stability. It was not too long ago that relationships between the countries which now form the Association were characterized by conflict of varying degrees of severity.

Internal changes and developments within the ASEAN countries themselves, and the threat posed by an expansionist Vietnam, were major political factors which encouraged greater co-operation among the countries of that organization.

We have been greatly impressed by ASEAN's growth and sense of common destiny, and by the economic and social progress achieved in the region. In the efforts to promote and encourage peace and stability in Southeast Asia the interests of Canada and ASEAN converge. One of the world's tragedies continues to be played out in Indochina and Canada continues to be deeply involved and committed to seeking a resolution of underlying problems. The Vietnamese occupation of Cambodia poses, in our view, a major threat to peace and stability in Asia. Canada will do everything it can to help ASEAN in the search for a peaceful settlement in Cambodia which will remove foreign occupation from that country, provide for the Khmer people to choose their own government free from external pressures, and halt the flow of refugees.

The minister has assured the ASEAN foreign ministers that as long as Vietnam refuses to end its occupation of Cambodia, Canada will not help to subsidize its military activities by extending development aid to Vietnam. At the same time, we shall continue to share in the refugee burden that has fallen on the shoulders of the countries of ASEAN.

As I stated at the outset of this address, Canada's relations with Southeast Asia have

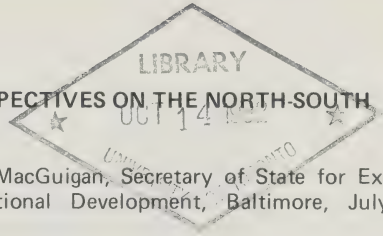
come of age. I have attempted to sketch in some of the highlights of success achieved and the milestones met in Canada-ASEAN relations over the last few years — and the attention we continue to focus on and the support we continue to give ASEAN in the search for a peaceful settlement to the crisis still afflicting Indochina. We have achieved much. But there is still more to be done, new opportunities to be pursued, challenges to be met. A Canada that is informed about Southeast Asia, that is schooled in the traditions and heritage of this region, that is debating and examining the issues in the region and Canada's approach to them — that will have to form a vital element in the continuing growth of relations. And that is an area where this conference, and the Canadian Council for Southeast Asian Studies, are making a most valuable contribution.



Statements and Speeches

No. 82/20

BEYOND CANCUN: CANADIAN PERSPECTIVES ON THE NORTH-SOUTH DIALOGUE



An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Society for International Development, Baltimore, July 21, 1982

The Society for International Development (SID) has a distinguished history. The frank and informal exchanges it has fostered among such a diverse group of people have made an important contribution to international development. Such exchanges are increasingly vital in the current global context. They can lead to increased understanding and the generation of fresh and innovative ideas which can I hope attract the support of the international community as a whole. Our discussions can also stimulate real public involvement in each of our own countries and perhaps be an even more significant catalyst for international co-operation.

Certainly these efforts are deserving of our full support. Canada has, therefore, placed importance on its contributions to SID activities and, in the current year, will be providing close to \$150 000.

I do not intend to rehearse today the lengthy litany of world economic problems. Nor do I wish to dwell upon the gravity of the current economic situation. It is, unfortunately, all too evident to everyone here. Rather, I would like to focus on a Canadian perspective of the North-South dialogue, the role we seek to play and why, and finally where we can go from here, nine months after Cancun. I propose to begin by outlining the underlying principles that guide Canada's approach to North-South issues.

Speaking as the foreign minister of my country, I have no hesitation in saying that Canada's national self-interest is the major determinant of our foreign policy. We are involved in the North-South dialogue, and will continue to be so, precisely because we believe it is important for our self-interest. In my view, however, national self-interest cannot be defined narrowly and parochially. It must be viewed both broadly and over the long term.

Canada is faced with some inescapable realities. Geography has given us as our immediate neighbour, the most powerful nation in the world. It has been said that when the United States catches a cold, Canada contracts pneumonia. Having only one-tenth the population of the United States, Canada has therefore tended to look to universally agreed upon "rules of the game" to help put us on a more equal footing when conflicts of interest occur.

Broad view of
national self-
interest

Our geography has additional consequences. Without any other close neighbours geographically, we do not fall naturally into any regional grouping. Regional associations that discriminate against non-regional partners thus can have a greater negative impact on Canada than on other nations. While supportive of efforts for regional co-operation, therefore, we have continued to emphasize global solutions to the problems of international economic relations.

We also have a relatively small population and hence a small domestic market. We are thus heavily dependent on trade for our economic growth. In fact, about 30 per cent of our gross national product (GNP) is dependent on exports, compared to 12 per cent for the United States. Of the major industrialized countries represented at the annual economic summits, none is more dependent than Canada on the trade dimension for economic growth. Just to illustrate, it is estimated that more than two million Canadians are directly involved in the production of goods for export; that is about 20 per cent of our total work force. Our major export industries are also our most efficient producers. They command the best prospects for future growth and, most significantly, for the generation of profitable jobs for Canadians.

Such basic interests have led over the years to consistent Canadian attempts to "multilateralize" our economic relationships. Leaders such as Louis St. Laurent and Lester Pearson were keenly aware that our long-term interests were best served through the development of international institutions that would balance the influence of the great powers and contribute to a broader stability in the world. Canada, like our partners, clearly benefits from an economic system that promotes global and non-discriminatory approaches and commands the support of all major players.

It is precisely our stake in an open and stable international economic system that has driven home to us the importance of encouraging fuller participation of developing countries in that system. We welcome their input in creating a system more responsive to their needs. I do not believe it can be in anyone's self-interest to deny fundamental economic justice to vast numbers of peoples when we know that the perception of justice denied has so often led to international conflict and violence. Like justice, the system must not only be fair; it must also be seen to be fair if it is to function effectively.

Two guiding principles

In the light of these national interests, the Canadian government has elaborated two underlying principles to govern our approach to North-South issues. The first is the Canadian commitment to social justice. In a shrinking world, we have had to broaden the definition of who is our "neighbour". With 800 million people living in absolute poverty, we cannot turn a blind eye to the plight of others, regardless of national boundaries or the ideologies that may divide us. Canadians have come to expect that a moral dimension be reflected in their country's foreign policy. Thus one of the well-springs of Canada's development assistance program is a straightforwardly

humanitarian concern for the welfare of the poorest and the dispossessed on "space-ship earth".

But it is not simply a question of social justice. We have come to realize that, in an increasingly interdependent world, it is in the mutual self-interest of all nations to ensure that the problems of developing countries are effectively addressed. This is the second of our two guiding principles.

I do not need to elaborate before this group the extent of global economic interdependence. All of us in this room are only too conscious of the importance of developing countries to Western economies as well as, of course, the inverse. Even for the United States, whose economy has essentially been driven by domestic rather than international markets, the acceleration of interdependence among nations for goods and services has had the effect of eroding the relative isolation of the US economy. By 1979, in fact, one US worker in 20 was employed in production of exports destined specifically for the Third World.

Interdependence is thus no longer an option — even for a superpower such as the United States — and that is why I was particularly disappointed by the US decision not to sign the Law of the Sea Treaty. Interdependence is in fact a condition of international life today. The challenge for all governments — now more than ever — is therefore to summon the courage and wisdom to avoid short-sighted assertions of national interest which have a "beggar thy neighbour" effect.

As a member of Parliament for a riding which depends upon automotive production, however, I can well appreciate the real dilemmas involved. The mutual gains that trade can have for developed and developing countries are not always evident to the unemployed automotive or textile worker, although they can be very obvious for a higher-paid worker producing aircraft or high technology products for export. But in these days of severe global economic difficulties, a return to the attitudes and policies of half a century ago would serve none of us well.

Active in North-South dialogue

It is for these fundamental reasons that Canada has been concerned not only to enhance the development prospects of developing countries and strengthen the functioning of international institutions, but also to play an active role in the negotiation of the whole range of issues that constitute the North-South dialogue. And I believe Canada has a unique role to play.

Our economy is at once industrialized and resource-based; sophisticated, yet in some ways under-developed. Thus we share many of the perspectives of our industrialized partners. At the same time, our position as a major exporter of raw materials and net importer of capital and technology is similar to the situation of many developing countries. Canada has been characterized both as the world's smallest industrialized country and as its largest developing country. Appreciating the real concerns and

interests of both groups, Canada has thus often found itself playing an "honest broker" role in multilateral negotiations. We have consistently sought to stimulate movement and to conciliate the conflicting views of industrialized and developing countries.

Our capacity to play this "bridge-building" role between countries of the North and South has also been enhanced by our political ties. We are a member of the industrialized West with strong ties to the United States, Europe and Japan. We participate in the annual economic summits of the major industrialized countries. Yet we are a middle power with membership in the Organization for Economic Co-operation and Development (OECD) and the "likeminded" group of Western nations which share common concerns about developments in the Third World.

We also have ties to developing countries in all parts of the world. Given our lack of a colonialist past and of geopolitical ambitions, developing countries are sometimes less suspicious of Canadian motives than they may be of those of some other industrialized countries. Moreover, a number of associations, particularly the Commonwealth and La Francophonie, have provided us with unique windows on the concerns of developing countries.

Finally, there is the impact that a distinctive international role has had on Canada's sense of itself. In a widely diverse country with strong regional identifications, and with a bilingual and multicultural society, I firmly believe that a strong international presence has in fact helped solidify a national Canadian identity and self-perception in a global context.

Current international scene

I should like to turn now from my perception of Canada's role in the North-South dialogue to the international scene today. When the Round Table met in Ottawa in 1980, we were looking forward to 1981, as the "year of the summits". At the Ottawa Summit of the seven major industrialized countries, North-South issues were high on the agenda. At the Commonwealth Heads of Government Meeting and the Cancun Summit last autumn, these questions were pre-eminent. Most recently at Versailles, these issues were again addressed.

In the late 1970s one repeatedly heard the complaint that negotiations languished for lack of political will. In the early 1980s, these issues were repeatedly discussed at the highest political level. What impact have these meetings made? What was accomplished?

I would certainly not claim that all the world's economic woes have been grappled with since we last met. No one meeting, or even series of meetings, could be expected to do so. Certainly, Cancun was never designed to be a decision-making or negotiating conference. It is also difficult to assess with any certainty the specific impact of one meeting or another on the ultimate course of world events; and certainly the seeming

lack of follow-through, and indeed the apparent setbacks which summits at times suffer, naturally give rise to questions.

**Importance of
summits**

I remain convinced, however, of the ultimate utility of the summit process. Summits make three major contributions in my view: the personal impact on leaders; the opportunity for a review of governmental priorities; and the provision of renewed momentum to ongoing negotiations.

Least quantifiable, but possibly most important, is the effect of summit discussions on individual participants. At Cancun, for example I was particularly struck by the frankness of the discussions. Leaders who otherwise might seldom be directly challenged found themselves vigorously defending their positions before others holding very different views. To the extent that heads of state draw from this experience a better appreciation of the concerns of others, an altered sense of priorities, and a heightened feeling of urgency, the summits will have achieved and will continue to achieve a great deal.

One of the prerequisites to real movement on North-South issues is, of course, the acknowledgement of interdependence. At the meetings I attended, there was I thought, a growing and genuine recognition on all sides that domestic economic problems cannot be resolved in isolation from the economic difficulties of others. Despite obvious pressures to the contrary in this difficult period, I believe that this perception will and must prevail. As John Donne wrote in the seventeenth century, "No man is an island, entire of itself". Neither is any country.

If the art of governing is the juggling of priorities, then the process of summits has also been a significant tool in moving North-South issues to the forefront of governments' attention. Preparations for meetings involving heads of state or governments encourage those governments to reassess their policies in relation to the issues expected at the summit. While such periodic attention might conceivably occur in any event, the imminence of summit deadlines — to paraphrase Dr. Johnson on hanging — certainly has the effect of concentrating minds most wonderfully.

Impetus to on-going negotiations is the third potential contribution of summit meetings, but perhaps the most difficult to judge. Certainly in my view, there have been achievements in this regard. The Ottawa Summit, for example, emphasized priorities which were then effectively pursued at the United Nations Conference on New and Renewable Sources of Energy and at that on the Least Developed [the United Nations Conference on the Least Developed Developing Countries].

**Global negotia-
tions dominate
agenda**

Many of you, however, may pin your ultimate assessment of summitry on its effect on efforts to launch global negotiations. I can indeed testify that this issue, more than any other, has dominated the North-South agenda, both bilaterally and multilaterally, over the past year.

I need not rehearse the long negotiating history of this initiative since it was first proposed in the autumn of 1979. It has perhaps been one of the most difficult and certainly most frustrating experiences for countries interested in advancing North-South discussions. In the past year the international community has moved slowly, if not always too surely, to a point where, in Canada's view, compromise was, and is, ripe.

On balance, — and whatever the outcome — I believe that the contribution of the summits over the past year to this process must be seen as positive. In my view, they commanded a priority for the issue in the absence of which the idea of global negotiations might well have died a quiet death in New York long ago. More specifically, and as you are all aware, one major country with serious reservations about the exercise was encouraged to move from readiness in Ottawa "to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress", to support at Cancun for the search for a consensus to launch global negotiations "with a sense of urgency", and finally to approval of global negotiations at Versailles "as a major political objective". This indeed was movement, and movement generated by the process of summitry.

At Versailles, moreover, I was delighted that the seven major industrialized countries proved able to accept the Group of 77 text of last March as the basis for negotiation of an enabling resolution to allow global negotiations to begin. I felt this acceptance, in particular, constituted an important movement. With this, I hoped it would be possible by the summer to resolve at last the procedural issue of launching global negotiations that has plagued the North-South dialogue for so long, and to begin finally to focus on tackling the substantive problems involved.

Based on the Versailles consultations, Canada was asked to put forward in New York some relatively minor amendments to the Group of 77 text. During the last three weeks of June, we pursued an intensive series of negotiations with the Group of 77 leadership. Unfortunately, however, final agreement could not be reached in the time available. A delay caused by the need to clarify the status of the Versailles amendments may have contributed in part to a dissipation of the negotiating momentum. But I was particularly disappointed that the Group of 77 as a whole could not agree at that time to the proposed changes; I understand the majority of developing countries would have been prepared to do so.

I would therefore like to take this opportunity to appeal once again to the Group of 77 to reconsider its position. Surely our common objective must be to get global negotiations launched and to get them launched soon. Surely we must question the utility of a seemingly endless word-game. The text presented in June is very largely the one put forward by the Group of 77 in March. It has been approved at the highest political levels in summit countries and is supported by all developed countries as a reasonable basis to allow global negotiations to proceed. I can only hope, therefore,

that the Group of 77 will reflect on it further in this light. I urge them to grasp the opportunity it represents lest the moment for decision — and perhaps a golden opportunity — be allowed to slip through our hands. As Shakespeare put it "there is a tide in the affairs of men which, taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat, and we must take the current when it serves or lose our ventures".

For if agreement is not reached soon, then members of the international community will begin increasingly and naturally to concentrate on other available means for pursuing the dialogue — such as, for example, intensifying the preparations for the sixth United Nations Conference on Trade and Development (UNCTAD) to be held in Belgrade next spring. In fact this may already be beginning to happen. For although the concept of global negotiations continues to offer the prospect of an experimental and innovative process of dialogue, we must always remember that a "process" is precisely that: a means of achieving movement on the vital and more important issues of substance.

**Economic
recession
continues**

However — and this, for me, is essentially more worrying — the economic environment for movement on substance is not encouraging. There has been no turn-around in the deep economic recession we are collectively facing. Inflation, unemployment, budgetary deficits and interest rates all remain high, with pernicious economic and social effects. In response to anxious and often angry publics, many governments are increasingly focussing their attention on putting their own houses in order.

As a consequence, funds available for concessional assistance are in fact — and regrettably — declining. Total official development assistance (ODA) from the OECD countries actually fell by 4 per cent in real terms in 1981 and the average ODA as a percentage of GNP fell from .38 to .35. Amounts available from capital surplus of the Organization of Petroleum Exporting Countries (OPEC) have similarly dropped in the past two years. This means problems in funding current international programs and real difficulty in finding money for new initiatives.

Canada does remain committed to reaching a target of .5 per cent of GNP by 1985, and to make our best efforts to reach .7 per cent by 1990. But we too will have difficulty finding substantial new sums of money to support international initiatives that we may regard as important and desirable.

**More economic
co-operation
required**

The difficulties in generating substantial additional aid flows notwithstanding, however, international economic co-operation will continue to be critical. If prospects for the industrialized world are poor, for the populations of the developing world it is a matter of survival. The economic difficulties of the times, indeed, argue not for less action but for more.

Basic to our efforts must be the elimination of hunger and malnutrition. But what is

the key to these efforts? Projections suggest that the physical and technological constraints to feeding an expanding world population are not insurmountable. It is rather a question of political direction. Developing countries themselves must make special efforts to increase domestic food production and to ensure adequate storage and distribution. I am heartened in this regard by the progress being made on food sector strategies including the support that is being given to them by the international community. For Canada's part, we are allocating over 40 per cent of our official development assistance — more than \$5 billion over five years — to the food and agricultural sector.

Energy exploration and development in oil-importing developing countries also continue to be of key importance. Canada has made this a priority sector in its bilateral development assistance. Similarly, Petro-Canada International, with initial funding of \$250 million to provide assistance for oil and gas exploration in developing countries, is now operational. Exploration projects will commence this year in Tanzania, Jamaica and Senegal and are under consideration for a number of other countries. On the multilateral level, while the idea of a World Bank Energy Affiliate now appears unlikely to go ahead, we will continue to seek other methods to advance the aim of increased energy lending.

A healthy international trading system is also vital to prospects for economic growth and development in developed and developing countries alike. The General Agreement on Tariffs and Trade (GATT) Ministerial in November will provide a major opportunity to address current problems in trade and to set a trade agenda for the 1980s. We hope that issues of concern to developing countries can be addressed in ways that strengthen and make more relevant the international trading system as a whole. In this regard, it is time for the newly industrializing countries to accept more obligations under the GATT and to make a contribution to the international trading framework commensurate with their stake in the system.

Closely related, of course, is the effective functioning of the international monetary and financial system. We look to the annual International Monetary Fund (IMF)/International Bank for Reconstruction and Development (The World Bank) meeting to be held in Toronto in just over a month's time to commence consideration of an increase in the quotas of the IMF and to advance the process of solving the worrying financial difficulties of the International Development Association (IDA). Like many other countries, Canada has been increasingly concerned that the IDA will not have sufficient funds to achieve its objectives. This is particularly distressing since it focuses on the world's poorest countries, many of whom have few alternatives. Canada has, therefore, proposed a special account for IDA. Such an account, while seeking to maintain the traditional IDA burden-sharing arrangements, would give donors other than the United States a means of responding to the urgent needs felt by IDA recipients for the whole period before IDA VII begins. I hasten to add that contributions to the special account would be additional to the obligations under

IDA VI, which Canada fully intends to meet.

The North-South dialogue will be with us in one form or another, for many years to come. The need to encourage the development of the developing countries, both for humanitarian and economic reasons, will not disappear. Although the world is going through a difficult period, the acceptance of global interdependence by world leaders has been a major accomplishment. The challenge before us, therefore, is to translate this acceptance into concrete action. Canada certainly intends to continue playing its full part. But sustained efforts will be needed from all of us concerned with North-South relations in the coming years. I would therefore urge this group not to be discouraged. Governments need your support and your ideas if we are to move ahead, and if we are to create a better world for ourselves and our children....

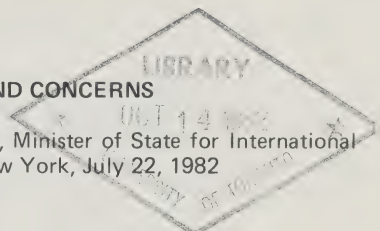


Statements and Speeches

No. 82/21

CANADA-UNITED STATES TRADE ISSUES AND CONCERNS

An Address by the Honourable Edward Lumley, Minister of State for International Trade, to the National Foreign Trade Council, New York, July 22, 1982



...Canada relies heavily on trade for its livelihood; our exports account for almost one-third of our total gross national product (GNP). Of the major industrialized countries represented at the annual economic summits — most recently at Versailles — none is more dependent than Canada on the trade dimension for economic growth. Just to illustrate, it is estimated that more than two million Canadians are directly involved in the production of goods for export; that is 20 per cent of our total work force. Two-thirds of our exports are destined for the United States. In 1981, two-way trade between our countries exceeded \$107 billion (Cdn), this is larger than your trade with Japan and almost as much as your trade with all the countries of the European Economic Community (EEC). Not only are these figures impressive but so is the broadness of this trade, extending as it does from basic resources to the most advanced technologies, from basic services to the complexities of international financing.

In the area of direct foreign investment, almost 80 per cent of the estimated \$62 billion in Canadian funds invested in Canada comes from the United States, while Canada, which traditionally accounted for about 15 per cent of the direct foreign investment in your country, last year became the second largest foreign investor in the United States accounting for more than 25 per cent of the \$19.2 billion in US funds of foreign investment that took place. The estimated cumulative total of Canadian direct investment in the USA, to the end of 1981, is \$16 billion (Cdn).

While these figures certainly point to the significant role that the US plays in Canada's domestic and international growth and development, they also reflect the increasingly important role that Canada is assuming as not only a market for US goods, services and investment capital but as a supplier to and investor in the United States.

We know that any economic recovery that takes place in the US will pay immediate dividends to our economy and that, given the amount of trade we carry on with your country, that is in terms of trade that such dividends will be most visible. However, it should also be borne in mind that any ensuing recovery that takes place in Canada can increase both export and investment opportunities for the United States and assist in further stimulating your recovery.

Concern over protectionist pressures

In the meantime, however, there is room for concern over some of the protectionist pressures that are becoming apparent in both countries. At a time like this, with domestic industries facing prolonged recession, unemployment, high interest rates

and heavy competition from imports, such pressures are perhaps understandable. It is all the more important, therefore, that governments develop alternative ways of dealing with the problems that give rise to them.

We in Canada are certainly determined not to ignore the lessons of the 1930s. We do not intend to place our economy in a strait jacket which will prevent adaptation and real growth in the 1980s. "Beggars thy neighbour" policies, artificial props for inefficient sectors or band-aid solutions do not provide either effective or convincing alternatives. Because of our small domestic market and consequent dependence on external trade, Canada has a great deal to lose and little to gain by trade wars or anything else that will affect the free international flow of goods.

It is apparent, however, that there will be occasions due to specific domestic considerations when some trading partners will need to initiate some trade restrictions in certain sectors. What is important is that during these difficult periods, trading partners be sensitive to each other's problems in order to ensure that any restrictions of a short term nature will not result in the unravelling of the liberalized international trading framework which has evolved since the Second World War.

For example, if much of the so-called "reciprocity" legislation now on the Congressional calendar were to be passed, even though such legislation may be emotionally appealing, it could, if carried to extremes, reduce trade to even lower levels and make a mockery of the international system which has served both our countries so well during the postwar years.

The General Agreement on Tariffs and Trade (GATT) with which I know you are as familiar as I, attempts to provide a matrix for global discipline on the increasingly complex maze of international trade. At a time when it is tempting to focus on the weaknesses that may exist in the GATT, we should not overlook its very remarkable achievements. To a large extent, because of GATT, tariffs have been lowered to the point where they are often not the central issue any more. The most recent round of negotiations launched a major initiative against non-tariff barriers to trade. The GATT provides the most solid base from which to expand the assault on the new trade-inhibiting measures which have recently proliferated in order to ensure that future trade is fair trade for all.

**1980s trade
agenda
expected**

The November meeting of the GATT ministers, which incidentally Canada will chair, is the first such meeting since 1973. While it is not intended to launch a major new round of trade negotiations, it is expected to agree on a work program, a trade agenda for the 1980s so that issues of concern and areas of particular interest can be addressed in ways to strengthen and make more relevant, hence more credible, the system as a whole. We attach the highest priority to a successful result at this meeting and are preparing our case on issues of special concern to Canada.

I might add that we share with the United States many of the same concerns about the GATT, such as the need to make it more effective, to strengthen the safeguard system, to study the problems related to trade in services, to integrate the developing countries, especially the newly industrialized countries, more fully into the trading system and to a renewed commitment by all nations to the GATT dispute settlement mechanism.

Time does not permit me to go into greater detail about these but I have made available for you copies of a speech which I delivered to the International Chamber of Commerce on June 22, 1982, in which the priorities which Canada sees as meriting attention are spelled out.

**Areas of
common
interest**

Our two countries also share many other areas of common interest where there is scope for co-ordinated and concentrated efforts on the part of our respective governments. The joint interest we mutually share in preserving and strengthening the North American automobile industry is one such example. Another is our joint interest in urging Japan to open its market to efficient producers from both our countries, realizing that Japan, as a country, is for both Canada and the United States our second most important market. We must focus on all those issues where our two nations share the same interests and ensure that they are concluded to the mutual benefit of both of us.

To our mind, the dispute settlement procedures are one of the most important aspects of GATT. This would seem to be confirmed by the increasing use which is being made of them. Some have dismissed this as unnecessarily bureaucratic. Yet much of it arises from the variety of problems with which trading nations are faced these days and it is surely preferable to make use of established procedures rather than to take independent and sometimes irresponsible action. Many of the questions currently at issue between the United States and Canada are being dealt with in GATT, not the least of which is the US complaint against certain practices of our Foreign Investment Review Agency (FIRA).

On the topic of FIRA, the government's objective remains to ensure that through the Foreign Investment Review Act the foreign-controlled corporations serve the Canadian interest by contributing fully to the development of an innovative and internationally competitive industrial structure which provides the greatest benefit for all, including investors both domestic and foreign. I think that it is clear that the Canadian government has responded to many of the concerns expressed by foreign investors and others about aspects of the FIRA process.

As a result of the recent budget there have been some changes made to the administrative procedure in an effort to make that process more timely and efficient. Some of these changes include the establishment of new thresholds under the small business procedures for new investment and direct acquisitions in Canada, and even higher

thresholds for the review of indirect acquisitions of Canadian businesses under FIRA. With the new, higher thresholds, approximately 95 per cent of new business investments and 80 per cent of direct acquisitions will be eligible for consideration under the shortened procedures and will require only the short form notice. That compares with about 92 per cent of new business proposals and 67 per cent of direct acquisitions under the old, lower thresholds. About 80 per cent of indirect acquisitions will qualify for the shortened procedures. This compares with about 45 per cent under the old thresholds. By setting a higher threshold for indirect acquisitions, the government aims to prevent instances of Canadian investment screening procedures acting to complicate unnecessarily investment transactions which are largely concerned with the acquisition of businesses outside Canada.

**Good
investment
opportunities**

In spite of the recent doom and gloom in some of your media, I firmly believe that Canada remains one of the world's better markets in which to invest. As no less a firm than Price Waterhouse has stated in its study *Investment Policies in Seventy-Three Countries*, "there are still relatively few restrictions in Canada if the country is compared to other industrial countries". At the same time, I am convinced that the government's policies correspond to the firm wish of the people of Canada to have a say in the future economic developments of their country.

I do not have to remind you of recent concerns in your country about a degree of foreign penetration much lower than that occurring in Canada. Having lived in a border city all my life, there is no question in my mind that if the manufacturing, mining and oil and gas sectors of your economy were under foreign control to the same extent as they are in Canada, there would be great pressure exerted on your national government to put in place a policy framework of some kind to ensure that the US benefited from new foreign investment.

But this in no way implies that you are against foreign investment. It simply states that you would like to ensure that its activities are consistent with your national goals and objectives. In point of fact, the US currently restricts foreign ownership in a number of areas such as broadcasting, coastal shipping, telecommunications, and nuclear and hydro power. These and similar restrictions exist at the federal and state level and reflect US judgments about what is necessary for economic security and well-being. From the point of view of Canada, with its unusual degree of outside investment, the idea of short-term restrictions is not an altogether academic question.

It is one thing to insist on the right of US companies to invest where they will without restriction or qualification. On the other hand, should the host country be prepared to see its exports come to a halt and employment suffer simply because of the unilateral and extraterritorial assertion of US law by one US Administration which has different political views from another? The recent decision by the US Administration with respect to the Soviet gas pipeline is a good example of the problems that can arise. There are enough uncertainties already without exposing our industries to sudden changes in the foreign policies of other nations.

Because of such factors as our small population base, the vastness of our land, and the huge untapped resources, Canadians are more willing than Americans to let their government play a larger role in our economic development. The Canadian government assumes this leading role when the dimensions are such that the private sector could not be expected to shoulder the burden and risks. This has been the case throughout most of the 115 years of Canada's history.

Much criticism has been recently levelled at both the City of New York and Canada concerning the sale of Bombardier subway cars for that city's mass rapid transit system. The City of New York bargaining in good faith, was attempting to obtain the best equipment possible and at terms which would be the most favourable to its citizens. We in Canada felt that not only was the product offered by Canada the best available but that the employment which would be generated in Canada and the United States was a decided advantage. Only when it became apparent that in order to ensure a comparable opportunity for the Canadian supplier and in order to meet foreign competition, did the Canadian government offer its assistance and in that instance not to beat but to meet the competition. Canada has not taken the lead in this contract but has been in the lead as you may know in working toward an international consensus limiting predatory concessional financing.

It has been and will be Canadian policy to abide by the rules. However, we cannot continue to watch idly when contracts on which Canadian companies with quality products are bidding are in danger of being lost because of the intervention of competing governments.

I have previously mentioned our commitment to fair trade and I will repeat that Canada is indeed committed to such a policy. However, our great dependence on trade to stimulate our domestic growth obliges us to ensure that our exporters receive the necessary support from their government when they face challenges in the export marketplace which are beyond the scope of normal competitive practices.

I remain convinced that trade can be the engine of growth, that expanded trade opportunities provide a firm basis for new investment and more jobs. I would like to think that many of you share this view and attach priority to the maintenance and strengthening of an open trading environment.

I believe that Canada's potential and its future is unequalled anywhere. But potential is empty unless we nurture the conditions necessary to its realization. Political stability, private enterprise, energy development, domestic and foreign investment, technological capability, fair and equitable trade between nations - in each area Canada is dedicated to maintaining the conditions where these will expand and prosper.

Canada and the US cannot be expected always to agree on the value of each other's

policies. We can count on you to let us know when you are concerned, and I can assure you we will do the same for you when we have concerns. But this is the measure of the success and significance of our relationship and of a partnership which is without equal between nations anywhere in the world.



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Statements and Speeches

No. 82/22

CULTURE, TECHNOLOGY AND FOREIGN POLICY

An Address by De Montigny Marchand, Deputy Minister (Foreign Policy), Department of External Affairs, at the Conference of the Canadian Association of Futures Studies, Vancouver, August 14, 1982

...I shall structure my remarks, most of them arguable and all of them personal, around four themes.

First, some of the formative continuities that strike me as fundamental in shaping the way Canadians look at the world and at themselves.

Second, a look at change and vulnerability in our own more recent experience, producing fluctuation and evolution in some of our assumptions and beliefs.

Third, and to illuminate our policy culture, a discussion of two trends in Canadian foreign policy, often portrayed as in conflict but which, I shall do my best to persuade you, are two sides of the same coin.

And *fourth*, by way of a conclusion, roughly equal parts of optimism and pessimism about our policy culture projected into the future.

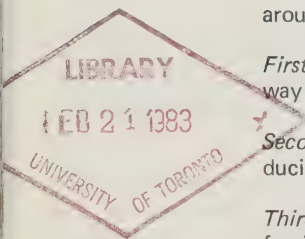
Policy culture

First some formative elements — some of the continuities in our policy culture.

Canada's space, geography and climate are in many ways the most fundamental of the formative influences on our policy culture. They are so obvious that they must be laboured a bit to be understood.

The geographic scale and climatic harshness of this country explain a range of behaviour from our leading role at the Law of the Sea Conference to the consular work of our missions in California or the Caribbean. They explain our very early dedication to the technologies of transport and communications, and an intimate experience of the energy demands of those technologies. They may also explain why we are the homeland of Harold Innis and Marshall McLuhan, those twin prophets of culture and communications.

And I believe our space and climate also serve to engender such values as self-reliance and mutual aid, the rewards of wanderlust and encouragement of mobility. What is perhaps surprising is that our experience of space and distance did not promote a sense of isolation but, on the contrary, appears to have conditioned us to welcome the existence of a wider world, and predisposed us to take an interest in its diversity.



That predisposition was reinforced by the composition of our people — French and English in foundation, multiracial in evolution, first inheriting and then importing values, customs, languages and beliefs from many parts of the world, and retaining ties or sympathies with them.

Our geography and demography are significant assets in shaping an approach to the world, but they also generate liabilities. Fragmentation and dissonance between regions, levels of government and ethnic groups; importation of political tensions or allegiances from offshore — and perhaps a tendency to concentrate on isolated issues rather than grapple with the complexity of the nation's interest as a whole.

Dedication to trade

Another continuity has been our dedication to trade.

Trade brought a more detailed consciousness of the outside world, and of our dependence upon it, and gave us a direct interest in influencing events and decisions in foreign capitals. Trade also taught us our vulnerability to shocks and changes in the global economy, and has established a profound Canadian stake and investment in a fair and open international system.

But economic circumstances also provoked, and continue to present, the dilemma of promoting and protecting our own industry on a national basis. Tension between our dedication both to an open global system, and to provisioning our own sovereignty, is a fundamental feature of our national life and policy culture whether past, present or future.

But our formative continuities are not limited to functional matters. They embrace that "dynamic value system" which our UNESCO [United Nations Educational, Scientific and Cultural Organization] definition of culture identities. In the global context, our values are clearly those of the contemporary, advanced industrial democracies. But what strikes me as unique, and I have no specific determining factors to explain it, is the peculiarly Canadian urge to "do something" about the shape of the world.

I have no embarrassment in talking about this missionary spirit. It has inspired some of our finest hours in international affairs. It is a spirit which may or may not be animated by a cold calculation of our national interest. It is the Canadian itch, and we have done well to scratch it. Our moral activism is, at its best, a proud projection abroad of our policy culture.

We are hopeful, constructive, conciliatory, optimistic and good joiners. But our missionary spirit can also, on occasion, lead us to overestimate our power and influence, to expose ourselves to the kind of criticism invariably levelled at idealists — accusations of naïveté, hypocrisy and self-deception.

Cultural ties with the US

Woven through some of the formative elements in our policy culture are the complexities of our relationship with the United States. Herschel Hardin, in his brilliant book *A Nation Unaware*, identifies the position of Canada as against the United States, as one of what he terms the three basic contradictions in the Canadian experience — contradictions across which Canada has defined itself.

I would not underestimate the importance to Canada of proximity to the USA, across a border which is undefended in only the military sense. But it is ironic, against our current preoccupation with Canada-USA relations, to recall that we survived in the colonial period a time when trade and other ties with the newly-born USA was forbidden. One of the results was a set of special links and interests in the Caribbean where, to this day, we continue to behave very differently indeed from the USA.

Our geostrategic location beside the United States also highlights a further fundamental point about Canada: that we are a relatively secure country in a relatively insecure world. In a century in which violence among nation states continues to persist as a means of resolving disputes, and in which national borders are daily trespassed with force or the threat of force, Canada has been remarkably immune.

Indeed our experience of relative security is, in comparative terms so different from that of, for example, Afghanistan, Uganda, Israel, Poland or Argentina that we are virtually at the far and fortunate end of the spectrum of national peace and security. This does not deny our participation in two world wars and in the common defence of the West today. But I contend that the Canadian experience has, by and large, been one of remarkable insulation from the day-to-day violence and instability so common in today's world.

And there are other formative elements in our policy culture, expressed in the way we perceive the world and in our international behaviour: our empathy for resource-based developing countries, our sense of hinterland, the maritime concerns imposed by our borders with three seas, a strain of nordicity, innovation in government enterprise, and so on. They represent some of the continuities which will, I suggest, in one form or another, always be with us.

Changes in cultural policy

The demon of change, however, is certainly at work. And I want now to turn to my second theme: some indicative areas of change and vulnerability in our foreign policy culture, caused in large part by our recent experience and by our apprehensions about the future.

The international environment has, over the past 15 years, forced Canada as a nation to be very clear about its aims and interests in the international arena. We have, curiously for a country entering its second century of life, been forced to pay an inordinate amount of attention to our national sovereignty — in legal affairs such as maritime boundaries and pollution control in the Arctic; in the control of electronic

media; in the development of our resources; and of course in the determination of our own economic structure.

International institutions

Another area of change in our policy values lies in our attention to international institutions. Our early and imaginative commitment to the United Nations, the IMF [International Monetary Fund], NATO [North Atlantic Treaty Organization], the Commonwealth and the OECD [Organization for Economic Co-operation and Development], has had more recently to contend with a growing sense that these institutions are tired, exhausted, serving neither our aspirations for global stability, nor our interests as an independent nation.

Perhaps there is a latent readiness to conclude that the era of international systems and institutions is over and that a predatory and protectionist world of beggar-my-neighbour and devil-take-the-hindmost is the reality which we should emulate in future.

This attitude is clearly at odds with our missionary spirit and our dedication to world order. It reflects a time of economic troubles, of seemingly random turbulence, and of institutional overload in the global system. I believe that our fundamental commitment to international institutions continues to assert itself, but it is a sign of our maturity that our expectations have been tempered, since the postwar period, with a sense of realism.

Let me add a further point to this sketch of change and evolution in our attitude towards the world and towards ourselves. I have described Canada's demographic diversity as a significant national asset. We have prided ourselves on being an open and tolerant society.

Yet one of the most troubling questions, as we look to our values and to our future, is whether Canadian society will maintain its greatness of spirit. Racial prejudice, resentment toward newcomers, and a growing stridency in public debate on social issues, strike me as the most disturbing signs of potential erosion in the policy culture of this country.

These negative phenomena have their impact on our immigration program, our receptiveness to refugees, our attitudes towards economic assistance to developing countries; and on our international credibility and effectiveness in promoting human rights and democratic values. The more we belittle others, the more we diminish ourselves.

I have mentioned the demon of change, and there are those who say that his name is technology. Certainly, in terms of foreign policy, technology has taken us into new and uncharted areas: trans-border data flow; "grey area" weapons systems; direct broadcasting by satellite; seabed mining; STOL aircraft; Telidon; acid rain and so on.

But of vital concern to our policy culture is where we, as a nation, stand in the Darwinian pace of technological innovation and obsolescence: whether we can keep up; whether we can identify the right sectors for concentration and ensure an international environment which is congenial for their development; whether our place is up on the sharp edge of new science, or back on the handle of the resource pump; or whether we can be in both places at once.

I have so far been attempting to sketch for you some elements of continuity and change in what I have termed the Canadian policy culture. Now I want to indicate how these elements have been expressed. In a more specific way, in intellectual frameworks for our international behaviour, priorities and initiatives.

It is commonly alleged that there are basically two schools of thought, and it is these two which I hope to persuade you are fundamentally one. The two schools may be named after the Canadian statesmen most commonly associated with them: the Pearsonian approach to internationalism, and the Trudovian approach to national interests.

My proposition is that these contrasting tendencies are by no means mutually exclusive, that both are deeply rooted in our policy culture, and that an emphasis on one or the other is as much determined by international realities as by fluctuations in our national mood. Moreover, these two themes are, for better or for worse, among the instruments which our country will deploy in coping with the future.

Pearson's internationalism

When we speak of Pearsonian internationalism we usually refer to the postwar period of institution-building in which Canada, and many eminent Canadians, took such an effective part, at the San Francisco conference to found the United Nations in 1945, or at the creation of the North Atlantic Treaty in 1949, Canada was not only present but visible, articulate and influential.

It was a time when our own national strength, our specific gravity in the world, was perhaps at its most solid in relation to others. Our armed forces were large and modern. Our economic circumstances were ideally adapted to postwar development, and our infrastructure had not been ravaged by wartime destruction.

And yet I think we learn something about ourselves and our policy culture from the fact that, at the moment when our national power was at its height, we chose to channel our energies towards the creation of an international system which would promote security and prosperity for others as well as ourselves.

The Canadian statesmen of that period saw no contradiction between world order and national interest. Indeed, we came very early to the conclusion that we could only pursue our national interests in a stable and open international environment. We needed to assert ourselves if we were not to be left out of the process shaping the

postwar world. And there were benefits, Lester Pearson once described NATO as a form of group insurance which, as was well known, was always cheaper than an individual policy.

Canada's nuclear policy

That comment brings me to another key element in Canada's foreign policy framework which is by no means simple to explain. In terms of our security we consistently opted for group insurance, and deliberately chose, in the nuclear age, not to develop our own nuclear weapons. This despite the fact that we were, at the close of the war, among those very few countries with the technology and resources to produce nuclear weapons.

Both for our past and for our future that has been a fundamental and resonant decision. It has taken us into collective security arrangements with associated obligations in Europe and in North America. It has taken us into the forefront of the complex and controversial use of nuclear power for peaceful purposes, made us experts on safeguards against the military application of nuclear technology, and on non-proliferation policy. It has brought home the strategic vulnerability of our location between the two super-powers.

This choice not to "go nuclear" in military armament was not taken from ignorance of our potential. Futurists should note that Lester Pearson, speaking in 1934 when nuclear weapons were no more than a dark shadow on some laboratory wall, said and I quote: "It is altogether likely that in 25 years from now the weapons of today will be as out-of-date as pikes and tomahawks.... We get almost into the realm of the fantastic when we consider the release of atomic energy as a destructive agency.... If that energy is ever released...and applied to destructive purposes, we would doubtless have world peace, because the world would be blown to bits."

For 1934, that was a remarkable insight into the future. And Pearson's political assessment still stands in the sense that fear of the nuclear holocaust has so far maintained a condition which, if it is not precisely peace, is not exactly war either.

My point therefore is that the conscious abdication of nuclear weapons evolved in Canada, as in no other country at the time, both in the full knowledge of the power which nuclear weaponry could endow, and with the capacity to produce nuclear weapons ourselves.

A choice of this kind is, it seems to me and has evidently seemed to successive governments, so deeply grounded in Canada's policy culture as not to be a choice at all. It is simply not an issue. Its ramifications of course continue to be hotly debated, but the basic premise that Canada will not construct nuclear weapons is, quite rightly in my view, never questioned. It is a tribute to what I have earlier called our relative security in a relatively insecure world.

But questions of collective security are only one side of the set of national interests which inspired us to work on international, multilateral, systems and institutions despite the national strengths which could have impelled us in a different direction. Pearson, although inaccurately identified exclusively with the internationalist and altruist stream in our policy culture, also said that foreign policy was no more than "domestic policy with its hat on".

Our domestic needs for markets, labour, capital and technology were very directly served by the international organizations and agreements established in the postwar period. And if our missionary spirit enhanced Canada's ability to contribute to world order, then so much the better.

Trudeau's nationalism

If Lester Pearson is identified with the internationalist strain, then Prime Minister Trudeau is often identified with the national-interest school — with a period in the late 1960s and early 1970s when people began to question what Canada was up to in the world; a period when so many new actors had entered the world stage that the Pearsonian premise — that international systems could be effective in their work — was being called into question on all sides.

The national-interest stream of our policy culture moved from recessive to dominant. The foreign policy review of 1970 said, and was widely criticized for it despite the similarity of the Pearson definition I just quoted, that foreign policy was the "extension abroad of national policies". The review cited public disenchantment with the role of "helpful fixer", suggested we concern ourselves less with being thought good fellows and more with the interests of our nation, and stressed the direct link between behaviour abroad and such issues as sovereignty and national unity.

Now this shift in emphasis is to be explained, to some extent, by those fluctuations in our policy culture which I have already discussed. And to be sure, there is a whiff of nationalism in our response to many of the pressures of the outside world. But there is also, occasionally, a form of bizarre and persistent Canadian modesty which presents itself as self-deprecation.

Robertson Davies has spotted this trait in relation to Canadian literature and once wrote: "Our national attitude towards literature is ambiguous. We ask gloomy questions about it: where is our great poet? when will our writers reveal our national identity? But when a book which is unmistakably about Canadians appears, it is greeted with some embarrassment. Our demand for a national literature is like an outcry for portrait painters in a country where nobody wants to be a sitter."

Somewhat the same syndrome is at work in relation to foreign policy. We may be proud that Lester Pearson wins the Nobel Peace Prize, but are just as likely to be found grumbling that peacekeeping is a drain on our resources, that foreign aid is a waste of money, or that the North-South dialogue is a feeble act of faith.

**Foreign policy
at the service
of national unity**

A point which returns me to the allegation that the Trudovian concept of national interest is somehow mean-spirited. This is surprising because a massive increase in foreign aid, and a very strong engagement with the Third World, have been just as much the hallmark of the past 15 years of Canadian foreign policy as has any cold-eyed construction of national interests and *realpolitik*.

True, we have done our best to ensure that our foreign policy reflected our economic, cultural and security interests. We have put foreign policy very much at the service of national unity. We have acted unilaterally in protecting our maritime environment and resources, although I would add that these steps were taken only after an exhaustive search for international agreement. And we have moved to the defence of our media and of our electronic sovereignty.

But our concept of national interest has never been so narrowly construed that our dedication to the global system has seriously slackened. I think of work at the Law of the Sea Conference. Work in new fora such as the Cancun Summit on North-South relations. And participation in a range of international organizations and multilateral negotiations.

In sum, I contend that the point and counterpoint of internationalism and self-interest both have been, and will probably continue to be, an expression of our policy culture in foreign affairs.

**Nuclear-weapons-
control a priority**

I have now arrived at my fourth and final theme, which is to take a look at our policy culture when projected into the future. Which elements will change? What choices will we face? How will we manage the shocks and surprises which the future undoubtedly holds? If Lester Pearson, in 1934, could spot nuclear energy as the miracle and the menace of the future, what should we be keeping our eye on?

Much as one would prefer to forecast the arrival of new social or political ideas promoting world order, peace and prosperity — and we may be wrong not to — I fear it is the world of technology which will provide the most powerful motor of change.

I would venture to suggest that no single breakthrough in the coming decades can out-rank the destructive power of annihilation unlocked by the continuing development of nuclear weapons. We may find other ways of destroying ourselves and our species, such as punching great holes in the biosphere, melting down the polar ice-cap, or turning the earth into Swiss cheese by deep drilling. But none seems likely to rival the proliferation of nuclear weapons whose use is threatened as an instrument of state power.

To control these weapons, and to arrest their spread to other nations, will be an overriding priority for the foreseeable future, at least until such time as the security of any one nation can be maintained without the promotion of insecurity among others.

New technologies

Turning to developments in other areas of technology, it strikes me that what we will continue to experience is more the shock of the cumulative application of the new technologies, rather than the impact of one or another major breakthrough. The application of silicon-chip microcomputers to ever-widening areas of life is a prime example.

The shock of cumulative application also applies to the emergence of new linkages between existing technologies. The union of computers and telecommunications produced telematics, and I can give you an example of the shock of telematics on my own Department of External Affairs. In 1961 the number of telegrams moving through our diplomatic communications system each day was about 2 700. Today the number is close to 19 000. This is a sevenfold increase in 20 years, and no other activity associated with this department has grown by the same factor.

Another potential linkage, with undoubted impact on international affairs, has been created in the biotechnologies. This new science uses microbes as tiny employees to produce protein, medicine, livestock fodder, and plastics. Biotechnology has applications in agriculture, forestry and mining. The transfer of biotechnology to developing countries could have an enormous economic impact.

Technology, however, is not a neutral element. In terms of international relations, we are frequently confronted by its destabilizing force: the increasing sophistication of conventional arms, and their widening availability; violence in the reaction of traditional societies to the stress of technological change; ambiguity in the transfer and distribution of industrial technology — a transfer which may be right in itself, but whose results may promote competition, rivalry, and economic dislocation; the denial of technology used as an instrument of leverage in East-West relations. All these must be digested by the global system, and by our own policy culture.

But these are other choices which may lie ahead. The work of Dr. Gerald Barney and associates, on the implications for Canada of his *Global 2000 Report*, considered trends in population, natural resources, and the environment. Their assessment is remarkably positive in many ways.

Outside pressures

But Barney and company do spot one trend which could have considerable impact on our policy culture, could pose very difficult choices and could even bring about significant revision in the way we relate to the rest of the world. This is the forecast of increasing pressure upon Canada, from the rest of the world, for ever greater supplies of resources such as food, energy, forest products and minerals. Such pressure will place increasing stress upon our land, air and water resources.

Canada, as a relatively secure country in a relatively insecure world, could become even more envied. The perception of us held by others could be much less benign than it is today. Pressure upon us to share our space and territory with a much larger population could also be expected.

I want to dwell on this scenario because we have not so far in this century considered our country to be subject to siege from the outside. Certainly we know our vulnerabilities and we hope to manage them. The balance between foreign investment and national control, controversial though it is, is one we live and work with. Our sales of grain are guided by a rough equilibrium of domestic capacity, government enterprise, the open market, and long-term agreements. The export of our natural resources is handled by that comfortably Canadian muddle of private sector, provincial rights and public interest as interpreted by our national government.

What of the future?

But how will all of us, and our policy culture, react when the demands of the world around us not only vastly exceed our capacities, but are placed with increasing pressure or even force? Or when sales of food or paper are transformed from commercial transactions to the fundamental allocation of planetary resources?

This picture of a Canada under siege is distinctly new and different for us. And the first strain will come at the heart of my analysis of our policy culture: it will make it ever more difficult to maintain both our dedication to world order and our self-interest as an independent nation.

Those twin preoccupations, which I hope I have persuaded you are one, would come under extreme pressure. Our dedication to an open international trading system could recede before a network of separate bilateral agreements. We could expect consumer nations to exercise heavy leverage against us and we would have to design national strategies accordingly. The easy pluralism of our society might have to take lessons from those nation-states which behave like corporations — or from those corporations which behave like nation-states.

We would have to envisage much more complex, calculated and well-crafted economic relations with resource customers such as the European Community, the United States and Japan. A significant level of high technology benefits for Canada might have to become a condition for access to our resources. We would have to manage an advanced degree of interdependence with the other industrialized nations in ways which we have only just begun to perceive.

And there is a further element, I believe, in any such scenario of the future, one which would be extremely difficult for our policy culture to absorb. We would by no means be able to count on economic growth, as we know it today, as the driving force of our own or other nations.

Economic growth has, until the present time, been regarded as one of the prime indicators of economic health and well-being. Although challenged by environmentalists and by the advocates of "small is beautiful", economic growth, and the expectation of economic growth, have virtually been regarded as laws of nature. Growth is good — growth is progress.

I wonder if, in the near future, we will not have to rethink our approach to economic growth — to adjust our values so that we focus not on the size of our national economic basket, but on the composition of its contents. Do indicators of no-growth necessarily mean stagnation and recession? Maybe we need a radical revision of our policy culture, our social fabric and our individual and collective expectations.

A change of this order, however, could not happen in isolation. The expectation of growth, still evident in many countries, would have to be reduced in common and in concert, lest the international system be torn to shreds by conflicting goals. As for our own policy culture we should have to create, to a much greater degree than we have so far, a sense of cohesion among government, business and labour. We would need a strategic compact to ensure that we are neither divided, nor ruled, by others.

I cannot be certain that any such scenario will take place, together with the necessary changes in our policy culture. But if you, like me, have come to this conference in order to reflect on how the known can reach out to the unknown, then it is an hypothesis which I want to leave with you.

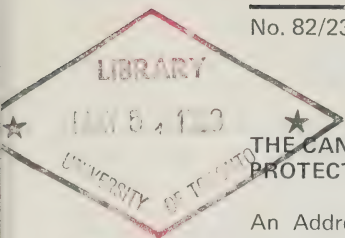
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Statements and Speeches

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THE CANADIAN APPROACH TO THE INTERNATIONAL PROMOTION AND PROTECTION OF HUMAN RIGHTS

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Annual Meeting of the Canadian Section of the International Commission of Jurists, Toronto, August 31, 1982

The international community will mark next year the thirty-fifth anniversary of the Universal Declaration of Human Rights. Today I would like to anticipate that anniversary and review with you old problems and recent progress in the promotion and protection of human rights throughout the world.

In a symposium sponsored by UNESCO [the United Nations Educational, Scientific and Cultural Organization] in 1948, Jacques Maritain issued a warning that even now should be the daily watchword of those who profess attachment to the cause of human dignity.

What he said was this: "The function of language has been so much perverted, the truest words have been pressed into the service of so many lies, that even the noblest and most solemn declaration could not suffice to restore to the peoples faith in human rights. It is the implementation of these declarations which is sought from those who subscribe to them; it is the means of securing effective respect for human rights from states and governments that it is desired to guarantee."

A few months after Maritain wrote these words the UN General Assembly adopted the Universal Declaration of Human Rights. The Declaration, together with the UN Charter itself, gave a constitutional expression to the basic rights and freedoms of the human person. Since 1948 these rights and freedoms have been further defined in more than 20 conventions and covenants. Indeed that number more than doubles if we include the related agreements developed under the auspices of the International Labour Organization.

All these international instruments are major achievements in themselves. Each of them, we hope, brings us closer to conditions of true civilization and to the ideal of man's humanity to man. Yet each must be examined in the light of Maritain's admonition that faith in human rights can be restored only by implementation of those rights and not by their mere enumeration.

Human rights'
place in foreign
affairs

Regrettably — and perhaps inevitably — we have made more progress in enumeration than in implementation. It is a sad truth that even governments which have freely subscribed to international agreements on human rights can still be heard to claim

that their application of these agreements is a purely internal matter. Even states with a reasonably proud record in the field of human rights at home still sometimes assert that human rights have no place in foreign affairs.

Such claims and assertions are wrong on many counts. They are wrong, above all, as a matter of treaty law. For international agreements on human rights operate on both the domestic and international planes. States that become parties to these agreements assume obligations both to their own citizens and to the international community. Every stateparty to such a treaty in effect has invited every other stateparty to examine the treatment it affords its citizens. Thus a government that expresses its concern about violations of human rights by another government is not intervening in an internal matter. Rather it is exercising a legitimate treaty right — and indeed discharging a treaty obligation to promote universal respect for human rights and fundamental freedoms.

Those who would deny human rights a place in foreign affairs are wrong as well even in terms of *realpolitik*. A treaty-breaker is a treaty-breaker, whether the treaty concerned may deal with human rights or international trade or nuclear disarmament. Respect for treaty obligations cannot be a sometime thing if treaties are to be more than scraps of paper. And an affront to human freedom in Poland or elsewhere engages our self-interest in other ways as well — not only because no man is an island but because freedom is truly indispensable to peace and security in the world. Oppression may give the appearance of stability to some societies and some groupings of states. Stability of that kind, however, is a tragic and dangerous illusion.

What, then, can we do to ensure genuinely effective promotion and protection of human rights and freedoms as a legitimate objective of Canadian foreign policy?

Our first priority, in my view, must be to ensure the health of our own society and institutions. There is no paradox involved in this statement. Human rights do not end at home but they do begin there. Thus our immediate duty is to preserve and expand our heritage of freedom in Canada. The Canadian Charter of Rights and Freedoms, which you have been discussing today, is a great milestone in this regard. Its origins and objectives are Canadian but it also bears upon our international obligations. For one thing, it is our domestic record that — despite its blemishes — gives us a credible voice in the field of human rights within the wider forum of the international community.

Canada's actions

In that wider forum, Canada has been mindful of the watchword enunciated by Maritain. In the UN context, both at the General Assembly in New York and in the Commission on Human Rights in Geneva, Canada has been active on three fronts. First, we have supported the elaboration of new international instruments for the protection of human rights, focusing on particular types of violations or victims. Second, we have explored creative ways to promote the observance of existing rights

and freedoms. And finally, we have initiated a study that seeks to analyze the causes of certain human rights abuses, in the hope of preventing their recurrence.

On the first front — the development of new international instruments — the General Assembly last December unanimously adopted the Declaration Against All Forms of Intolerance and Discrimination Based on Religion or Belief. This declaration, 20 years in the making, spells out in detail the right to freedom of religion that was first enunciated in general terms in the Universal Declaration of Human Rights. When the Declaration on Religious Intolerance was finally adopted, a number of delegations paid tribute to the important role played by Canada in the elaboration of this instrument.

Again in December of last year, Canada ratified the International Convention on the Elimination of All Forms of Discrimination Against Women. We were one of the principal drafters and supporters of this convention, and a Canadian has been elected to sit on the committee that will monitor its implementation.

Canada is also actively participating in a working group that is elaborating a draft convention against torture. I am optimistic that the working group will submit a final draft of the convention to the Human Rights Commission in the very near future. The terrible practice of torture cannot be allowed to go unpunished. We have pressed hard to ensure that the convention, when it emerges, will include a provision on universal jurisdiction. Such a provision would allow the prosecution of a torturer in any state, regardless of his nationality, the nationality of his victim, or the place where the torture occurred.

On the second front I mentioned a few minutes ago, Canada recently sponsored an initiative focusing on the right and responsibility of individuals and groups to promote existing human rights and freedoms. This initiative was adopted at the last session of the Human Rights Commission. We hope that a declaration on this subject will help to deter countries from punishing their citizens for merely asserting rights embodied in universally accepted instruments. We hope too that the declaration will better enable organizations such as the International Commission of Jurists to carry out their mandates.

Disappearances

I should also mention here the important activities of the UN Working Group on the Disappeared — a dreadful new concept that has entered our modern vocabulary. This working group embodies many of the aims of Canadian foreign policy in the field of human rights. It attempts to deal with the problem of disappearances on a generic basis by attacking it wherever it occurs, without singling out individual countries for special consideration. The working group has carried out its mandate in a manner that has been commended even by some of the countries under investigation. Most important of all, it has proven itself effective and has reported on more than 2 100 missing persons in 22 different countries. The working group has also established an emergency procedure — the first of its kind within the UN — which authorizes the

chairman of the group to respond to urgent reports of disappearances by an immediate direct approach to the government concerned. This procedure has saved many lives and has acted as an important deterrent against arbitrary action.

Finally, on our third front, relating to the prevention of further abuses of human rights, Canada recently took the initiative in bringing about the preparation of a report that analyzes the root causes of massive exoduses of people. The report explores a number of ways to prevent this sad phenomenon and the human rights violations that inevitably result. It was considered by the Human Rights Commission last winter and will now be taken up by the General Assembly this fall.

CSCE follow-up

Moving beyond the UN context, Canada has tried to make full use of the opportunities offered by the Helsinki Final Act of the Conference on Security and Co-operation (CSCE). It was at Helsinki of course that the Eastern bloc officially acknowledged that human rights are indeed a matter of international concern. We are insisting that this acknowledgment be given meaningful effect. At the Madrid review meeting of the CSCE, Canada has taken a firm stand on human rights, and especially on the implementation of the Final Act's provisions regarding freedom of movement. We have also demanded that progress in the field of military security be matched with comparable progress in humanitarian matters. That is why we have proposed a meeting of experts to discuss human rights in the follow-up to Madrid. We are determined that the final document from Madrid reflect a strong concern for human rights.

It is the radically different philosophy of life prevailing in the Eastern bloc that explains so many human rights violations there and so many problems of implementation of human rights agreements in the international arena. So long as these violations and problems continue, human rights must necessarily figure among the critical issues of East-West relations.

For similar reasons, human rights must also be addressed in the North-South dialogue. Ideology, however, does not play the same role in human rights violations in the developing countries. These countries naturally tend to attach more importance to economic rights than to the traditional civil and political liberties of the Western world. Canada, of course, recognizes that the basic necessities of life are essential to a life with dignity. We believe, however, that human rights are indivisible and we do not agree that some can be sacrificed in favour of others. While developing countries have the primary responsibility for their own development, we accept that we too must make major commitments of money and resources if disparities are to be eliminated and if all forms of human rights are to be protected.

Canada has played its full part in contributing to international development. We have also supported other initiatives directed to improving human rights in the developing world. Thus we have helped turn the Commonwealth into one of the newest agencies for the promotion of human rights. At their 1981 meeting in Melbourne, the

Commonwealth heads of government endorsed in principle the establishment of a special human rights unit within the Commonwealth Secretariat. We hope that this unit will advance the cause of humanity by helping all Commonwealth member countries share their experience in law-making and law reform.

The brief review I have just conducted shows that the record of the past 35 years is not entirely a gloomy one even with regard to the implementation of human rights conventions. I think it is fair to say that Canada has done more than most countries to encourage better implementation. Yet Canada's responses to human rights violations — in the Eastern bloc or in the developing world — are the subject of considerable debate in this country.

For my part I believe there is a place in Canada's foreign policy for vigorous public diplomacy. In appropriate circumstances we have not hesitated to speak out openly and bluntly in expressing the very real indignation of the Canadian people. I have in mind, for instance, our condemnation of human rights violations in Poland, El Salvador, South Africa and Cambodia.

Value of quiet diplomacy

On the other hand, there are situations where so-called quiet diplomacy may be more appropriate. Our views may sometimes have a greater impact when expressed as humanitarian concerns or concerns for the advancement of bilateral relations. Confrontation and condemnation in some cases may only serve to harden attitudes and provoke harsher measures. Should we, for instance, sever all diplomatic ties with South Africa as we have been urged to do? I think not. Such action might give vent to our frustrations. It would not, I fear, make a real contribution to ending *apartheid*.

The Canadian government is also frequently urged to suspend all aid to states that are serious human rights offenders. But doing so may only work against the achievement of basic human rights for the very victims of such offences. Our principal aid objective is to deliver assistance to the poorest people of the poorest countries. Should we doubly penalize them by cutting them off from our assistance because their governments abuse them? Obviously not. It seems to me what we can do, however, and what we do in fact is to take account of human rights considerations in determining eligibility for Canadian aid, and in deciding on the amount and the kind of aid given. Both the needs of the country and the readiness of the government to channel assistance to its neediest citizens are important factors in establishing such eligibility. In addition, we exclude from consideration that tiny number of countries whose governments' excesses have resulted in massive social breakdown — as in Uganda under Amin.

Value of public opinion

The debate on the most appropriate way of responding to human rights violations will go on. It is a constructive debate. Governments need to be prodded and to be kept informed by organizations like the International Commission of Jurists. An alert public opinion is still one of the best bulwarks against crimes of inhumanity.

Maritain in 1948 ventured to express only the most guarded optimism about the chances of securing effective respect of human rights from states and governments. He wrote, of course, against the background of horror of the Second World War. Since then, we have mercifully been spared from horror on that same scale. What we have lost in scale, however, we have made up for in refinement. The new science and the new technology of the postwar years have been used to mount new assaults upon the integrity of man, new invasions of his innermost being, new obscenities against the human spirit. The jailers of the mind, the specialists of pain and terror and degradation — all the enemies of decency and dignity — have found new weapons for their works of darkness.

But on our side we have weapons too. The best is mankind stands higher, stronger than the worst. The best endures. The international instruments we have forged since 1948 will not rust from want of use. They will lead us slowly, painfully closer to the end Maritain had in mind in 1948 when he wrote: "Pending something better, a Declaration of Human Rights agreed by the nations would be a great thing in itself, a word of promise for the downcast and oppressed of all lands, the beginning of chances which the world requires, the first condition precedent for the later drafting of universal Charter of civilized life."

The International Commission of Jurists is one of the guides and guardians of the road to "something better". I wish you well in your work. I invite your comments and criticisms on Canada's performance in the field of human rights. And I thank you for the honour you have done me in asking me to join you today.

S/C



Statements and Speeches

No. 82/24

NORTH AMERICA AND EUROPE IN NORTH-SOUTH RELATIONS

An address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the American-European Conference of the Friedrich-Neumann-Stiftung, Ponta Delagade, Sao Miguel, Azores, September 4, 1982

...Western Europe and North America have had their revolutions and fought their wars. Postwar reconstruction and development have led to increased political stability, basic justice, a large degree of social equity and financial stability. This is in no way to diminish the very real strains on our financial and monetary systems, nor to belittle the inordinate amounts of unemployment, nor the vicious cycles of inflation that presently beleaguer all of our societies. Rather, it is to point out that in comparison to many corners of this earth, and particularly in contrast with the developing nations, we are still the privileged few.

As such, I believe that Western Europe and North America have a special role to play in the North-South dialogue, and that we must continue to play that role, in spite of our own difficulties.

Western Europe and North America have had a particular role in the international economic system. It is interesting to note that the United Nations of today, with its large-scale multilateral institutions is, to a large degree, the outgrowth of wartime reconstruction and development plans. The Second World War required greater economic co-operation than previous wars, and postwar economic planning began during the conflict.

In a real sense, the war in Europe cast the die for the new economic order. It is equally important that the philosophy underlying the principles of the United Nations Charter was essentially liberal in the classic sense, — based on freedom, openness of thought, generosity and the abolition of privilege. Aid itself became part of liberal democratic institutions; this was true in multilateral and bilateral programs, although in the early Fifties, as evidence by the Colombo Plan, there was, as there is today, the security aspect as well.

In the North-South context, the liberal tradition may be seen to underlie the push for political independence in developing countries. It has fostered subsequent efforts to encourage continued commitment to human rights and pluralistic processes in newly established states. It has accepted the concept of non-alignment, but at the same time has tried to insist that the non-alignment be genuine, so that developing countries may be free of East-West tensions, which so often sap the energies of those who need that energy most.

**Future security
depends on
present
management**

I believe that world security will depend largely upon how governments manage the crises of the present decade. I also believe that world security will depend on the degree to which liberal ideas can survive in this economic climate. The modern world economy really does not leave room for pure ideology — while the private sector has much to offer the process of international development, it is not a panacea, nor can it ever be. Societies of the world community are too complex, and too divergent, and this to me is something that must not be ignored.

Not all developing countries share the same values as Western democracies. Often their infrastructures are lacking, as are skilled people to manage their economies, and staff their bureaucracies. In other respects, lack of the basic necessities, such as food and shelter, along with such conditions as illiteracy and under-education often mean that Western style democracies cannot serve as the immediate model to be emulated.

On the other hand, liberal values, which have driven all of our societies, can serve as a catalyst to the betterment of many developing countries. The values to which I refer are those which characterize the true liberal — someone who can personify moderation and balance. In our societies liberalism has been a cast of mind which emphasized procedural fairness, equality of opportunity, acceptance of the rule of law, and the protection of civil liberties. Liberalism has tended to view the role of government as catalytic or moderating relation to the private sector. It has been identified with pragmatic policies in a mixed economy.

**Liberalism
a tradition of
principles**

Liberalism has not been a tradition of policies so much as it has been a tradition of principles — a recognition that while there may be eternal truths, there can be no eternal policies. In this sense, liberalism could be and should be the driving force for many new nations; allowing them the flexibility to develop mixed economies to respond to the specific needs of their own peoples, and, at the same time, leaving the private sector scope for individual incentive. Too often, in throwing off the colonial yoke, newly independent nations have swung to dictatorships of the right or left, often at the expense of a number of the sectors of their individual societies. The role of Western democracies, I believe, is not to turn their backs on such societies, but rather, with their tradition of liberalism, with their political contacts with their largesse, to assist such nations towards moderation and balance, so that the people of these countries do not suffer unduly. This is, of course, the human side of the North-South dialogue, and it requires that openness of thought that I referred to earlier as one of the characteristics of classic liberalism.

Put more pragmatically, I believe that in the 1980s industrialized democracies must forge a more mature political relationship with developing countries. Yesterday, we discussed at length the current course of East-West tensions. Whether or not we can be optimistic about East-West relations, what we can and must do is to seek to insulate the Third World more from East-West contention. We must demonstrate

that our idea of a pluralistic world community corresponds with their objectives of independence and self-determination.

By way of example, I refer to North America's relations with the Caribbean and Central America. While Canada's historic ties have been much greater with the Caribbean countries than with Central America, in the global sense the area as a whole is of strategic and political importance to North America. As a microcosm of world problems, I would also suggest that the Caribbean Basin, including all of Central America, is of interest to all of us here today, especially because of the difficult policy question developments they have posed.

Central America

On a proportional scale Central America is facing crises of enormous proportions. Falling world prices have had a dramatic effect on their export market. Political instability is seriously affecting Guatemala and El Salvador, where the guerrilla wars show little sign of abating. Nicaragua's government is under scrutiny for its increasing human rights violations, and its destabilizing political activities in the area; it is also subject to guerrilla activities on its borders. Honduras has recently been subject to terrorist attacks purportedly perpetrated by those supporting the guerrillas in El Salvador. Even Costa Rica which has often been categorized as a jewel of democracy has recently been the victim of terrorist activities within its borders. We complain of unemployment rates in the 10 per cent range, yet, some of these countries face rates double or triple that. At the same time, all are facing inflation rates that remind one of a whirling dervish; combine this with climbing government debt, no matter what the country, and it is not difficult to see the possibility of serious political explosion. Add East-West tension to the pot and you really do have a situation which is close to the boil.

Over the past three years, Canada has undertaken comprehensive reviews of our relations with the Caribbean and Central America, particularly with respect to development assistance. Based on these reviews, we announced our intention to double our development assistance to the Commonwealth Caribbean and to substantially increase our assistance to Central America. We have as well joined with our hemispheric partners, the USA, Mexico, Venezuela (and laterally) Colombia in the Caribbean Basin Initiative. This initiative is a common expression of political will to exert our best efforts to stimulate economic and social development in the area through programs of co-operation, and without military or political preconditions.

Canada's conviction is that current instability in the area is deeply rooted in the socio-economic conditions of the region — the poverty, the unfair distribution of wealth, and the social injustice. We may find little comfort in the records of some of these governments, particularly as regards human rights; but the question must be posed. Do we back away and point our fingers in an accusing fashion, or do we try, through political, economic and institutional channels to encourage them in their frail beginnings? (I am heartened indeed to know that this liberal group saw fit to

sponsor a meeting held, I believe, this past weekend, in Nicaragua. It is through such meetings that the theory of the North-South dialogue is put into practice.)

**Western
world's
commitment**

Central America is by no means the only area of the developing world which is undergoing extremes on the economic and political scale, and this leads me to reiterate the absolute necessity of the Western world's commitment on the North-South question. We in the North are, without any doubt the wealthiest and freest peoples in the history of the earth. Under no other system have people been able to sustain the growth rates, the political sophistication, nor the economic betterment that we have given to our peoples since the Second World War. Yet, at the same time, almost a billion human beings in this world live on the borderline of existence. We must ensure that they at least have access to the most fundamental of human requirements — food, shelter, health care, clean water, and education. In a shrinking world we have to broaden the definition of who is our neighbour. The plight of our fellow human beings demands our attention, regardless of the national boundaries or ideologies that may divide us.

Where, then, can we find our starting point in defining a liberal agenda for North-South affairs in the 1980s? As liberals, I think we should start with reality, with the facts — and one of the most appalling facts I know is that of the estimated 125 million children born this year in the Third World, about 12 million will never reach their first birthday. They die of malnutrition or water-borne diseases compounded by lack of medical care. They will become part of our generation's record in history — in effect, the equivalent of two holocausts a year, even though we have the means in our world to end this disgrace and certainly cannot plead ignorance of what is happening.

As liberals, we know that such a situation cries out for reform. We know, too, that the problem is global and transcends national borders. That is why liberals of all nationalities have helped in building the framework of international institutions that are needed to tackle world-wide problems, and to allow countries to participate on a fair and open basis in the world's affairs. It is appropriate that one of the great liberal statements of this century is, in fact, the Preamble to the Charter of the United Nations, which sets out goals that should command our lifelong efforts: "to save succeeding generations from the scourge of war; to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal right of men and women and of nations large and small; to practise tolerance and live together in peace with one another as good neighbours".

**Two major
challenges**

From the continuing international issues, two relatively new questions have emerged as major challenges for the 1980s and beyond.

The most obvious is the search for a more just and equitable international economic order, one that will enable the developing countries to benefit from a larger share of

the world's trade, technology and capital. Not surprisingly, the North has rejected the comprehensive blueprints for action presented by the developing countries, particularly the demand for establishment of a New International Economic Order.

It is not difficult to understand why the most economically powerful countries won't consent to radical restructuring of the international order — but as liberals we know that it is the law of life that conditions change, that institutions must evolve or perish, and that the international economic system, as set up after the Second World War, is not eternal and is not exempt from the need for reform. Indeed, we can see all too clearly that it is labouring under heavy strain and needs at least a major overhaul. We can also appreciate that, especially for the poorest countries, there is little magic to be found in the marketplace.

I would suggest that, as liberals, our proper role in this crucial struggle over the international economic system should be to break the dangerous deadlock of the past several years by finding the areas of common interest, working toward mutual understanding between North and South, and pressing urgently for the compromises that can loosen the logjam and create a fairer international economic system.

The second of these new questions that realism thrusts on our attention is somewhat similar: it is the need to find better ways of sharing with other sovereign states the responsibility for a more rational, ordered management of the world and its resources. We have encountered in recent years a rapidly growing number of major problems — from acid rain to Antarctica to outer space — that do not fit into national boundaries or traditional frameworks. Pressures are building, and creative statesmanship is needed.

The law of the sea could well be a precursor to new legal mechanisms which could, at last, permit us to deal peacefully with unprecedented international issues and competing national interests — a way of applying the rule of law and liberal rationality in the international arena. The alternative might well be chaos — a plundered planet left barely habitable through environmental degradation and the squandering of resources; a tragedy of the commons in which everyone overgrazes and overfishes, and mankind is left with nothing.

I have mentioned some of the broad issues and general principles that I consider important in a liberal approach to North-South relations. But actions speak louder than words, and the actual help that each country is providing to the Third World is perhaps the best indicator of how seriously it takes the problems facing three-quarters of humanity.

As a donor country, Canada has been in the middle rank. Our flow of official development assistance has been above the OECD [Organization for Economic Cooperation and Development] average, but not at the level reached by Scandinavian countries and the Netherlands. In 1980, however, I was able to pledge at the

United Nations that Canada would reverse the downward trend of the late 1970s, reach an ODA/GNP [Official Development Assistance/Gross National Product] ratio of .5 per cent by the middle of the 1980s, and make best efforts to meet the .7 per cent target by the end of the decade.

While building up the volume of our program, we are also trying to upgrade its content and sharpen its focus. We are pursuing what might be called the cultural model of development — the idea that development consists of a people, making their own culture and lifestyle, making the adaptations necessary to live self-reliantly and in harmony with their environment.

We are concentrating on three sectors that we consider crucial: agriculture and food self-sufficiency; energy, including new and renewable forms; and human resources development, especially in such areas as management and technical skills.

We have also gone beyond the usual bilateral and multilateral framework by creating a number of special programs to involve virtually all elements of Canada's private sector, from churches and volunteer groups to universities, professional associations and private companies.

I believe that development co-operation should have a rather special place in our priorities as liberals — because each time an Asian slum-dweller masters a productive skill, each time an African mother gains access to clean water for her family, each time a Latin American child learns to read, another blow is struck against oppression and for human liberation.

North-South prospects

In closing, I would like to take a quick look ahead at what I see as the prospects for North-South relations in the rest of our century. Partly because of rapid economic growth in the 1950s and 1960s, some real progress was made in the Third World: life expectancy rose from about 42 years to 55 in a quarter-century, while primary school enrolment doubled worldwide between 1960 and 1975. That kind of unprecedented progress will be very difficult to achieve in the 1980s and 1990s.

We face constraints of many kinds. The developing countries must cope with crushing debt, acute balance-of-payments pressure, and painful adjustment programs. Ominously, the *per capita* real income of the Third World as a whole is declining in absolute terms for the first time since the late 1950s, with all that this implies in human suffering.

Meanwhile, in the developed countries, economic anxiety prevails, funds for development co-operation are in decline, and cynicism is growing about our ability to respond on the domestic or international scene.

Can we learn from the past? Paradoxically, I believe that today's difficulties bear the

seeds of future progress — because global interdependence has become so glaringly obvious, and because we have a better international framework than in the 1930s on which to build.

It is these new realities, therefore, which we must put before our electorates. If we fail, our adversaries will succeed with policies which capture only a slice of reality. We have to ensure the broad public understanding that will endorse reasonable decisions. Our purpose as liberals, in our country as in our world, must be, in the words of the Canadian poet, Louis Dudek, "the liberation of the individual self...working always for this time and this place, this self, to find the hidden meaning of all things — that is the great adventure. It's not a dark prospect, but an infinite horizon of possibilities". That "infinite horizon of possibilities" is the liberal view of the future of the world.



Statements and Speeches

No. 82/25

TRANSNATIONAL CORPORATION, INVESTMENT AND THE NORTH-SOUTH DIALOGUE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to Brazilinvest, Toronto, September 7, 1982



...I do not have to tell you that Canada and Brazil have historically been the recipients of a great deal of direct foreign investment. This investment has benefited both countries significantly and allowed them to mature more quickly than they otherwise would have.

Canada, after decades of being a net importer of direct foreign investment, has in recent years become a net exporter of direct foreign investment. As a result, Canada is in a position to fully appreciate the advantages and disadvantages of direct foreign investment and to view investment from both sides.

Foreign investment

Those of us who have responsibilities for the management of financial and economic environments — whether in the public or private sector — know that striking a balance between dynamic growth and balanced economic development is essential but never easy. It is essential because economic environments play a major role in the success of any investment decision, regardless of its size or nature. These decisions affect not only the creation of wealth but often of jobs and the well-being of millions of people. It is not surprising, therefore, that countries have actively encouraged foreign investment.

However, there are other considerations besides those of pure economics. Virtually every nation has adopted some form of foreign investment control designed to serve its investment needs and aspirations. In the United States, for example, there is an extensive network of foreign investment regulations and policies administered by some 20 agencies at the federal level. A foreign investor is not eligible to own a house in Indiana, a chicken farm in Connecticut or a mine in Alaska. In the United Kingdom, the Monopolies and Mergers Commission has effectively blocked certain forms of foreign investment. In Germany, the State has reacted on an *ad hoc* basis to forbid foreign participation in many of its industries. Often, these restrictions on foreign investment have been subtle and most have been in existence for decades.

Canada established foreign investment guidelines, in an open comprehensive way, fairly recently with the Foreign Investment Review Act (FIRA). FIRA was designed to permit the federal government to review certain forms of foreign direct investment to determine whether they are of significant benefit to Canada. I would emphasize, however, since its inception FIRA has functioned more as a screen than as a barrier

to foreign investment, and is non-discriminatory as to the country of origin of foreign investment. This is illustrated by the fact that in excess of 90 per cent of foreign investment applications have been approved.

Transnational corporations

The need to control the investment climate in Canada, as in so many other countries, arose in large part from the growth of transnational corporations. I think it is important, in reviewing the growth and influence of these kinds of corporations to state that, in my own view, transnationals are neither the impediments to economic development nor underminers of national sovereignty that their detractors would have us believe. At the same time I do not believe that they are our best hope for overcoming world poverty and building a global society, as their most ardent proponents argue. They are, however, undoubtedly the largest, most efficient, technologically advanced and internationally adaptable enterprises available to us. As such, they have a potentially significant contribution to make in the North-South challenge.

Transnational corporations account for a large and growing proportion of world production, research and development, employment and trade, and their managers allocate capital and resources on a global scale. The annual operating budgets of many transnational corporations exceed those of most of the world's governments. Given these characteristics, it is not difficult to see that international co-operation is essential to ensure that the benefits of these operations are maximized for both the host country and the investor.

Transnational corporations, as an important international phenomenon, emerged in the years following the war. American and British corporations were the first to go multinational and, for a long period, accounted for the majority of direct foreign investment. By the late Sixties and early Seventies, European and Japanese firms had arrived on the scene and grew quickly. To underline the growth and significance of transnationals, intracorporate trade, as a percentage of total world trade, has expanded dramatically from 25 per cent in 1970 to an estimated 50 per cent today.

Multinational companies have grown significantly in the past two decades and have made their presence felt. In Canada, foreign-owned corporations own 40 per cent of our mining industry, 65 per cent of our oil and gas industry and 48 per cent of our manufacturing industry. Of the 50 largest companies in Canada, 18 are foreign controlled. Non-resident ownership and control on this scale is, of course, without parallel elsewhere in the industrialized world. By contrast, of the 50 largest firms in Japan, none is foreign controlled.

In Brazil, foreign control levels are considerably lower than in Canada — about 15 per cent in such important sectors as chemicals, automobiles, steel, food processing, communications and electrical equipment. Canadians have been active participants in the Brazilian economy. After the United States, Brazil is the second largest recipient of Canadian foreign investment. Large Canadian transnationals such as Brascan,

Massey-Ferguson, Noranda and Alcan, to name only a few, have long worked with Brazilians to enrich the economic and trading relationships between our two countries.

The proliferation and growth of the transnationals have not gone unquestioned. Throughout the late Sixties until the mid-Seventies there was a great deal of international questioning, and embryonic attempts to develop an international discipline and management of direct foreign investment were started. Critics focused on such concerns as the effects of transnationals on the balance of payments of host countries brought about through repatriation of profits and transfer pricing mechanisms. They looked closely at their impact on social development, investment and employment patterns, the degree of industrial competition, and on consumer tastes. At the same time, there were a few startling exposés of unwise or unlawful interference in the domestic political processes of host countries.

Guidelines for transnationals

These difficulties pointed to an urgent need for clear guidelines for transnational corporations. The United Nations has established a Commission and Centre on Transnational Corporations which, in 1977, began to elaborate a code of conduct for such firms. Likewise, the Organization for Economic Co-operation and Development (OECD) has been working on guidelines for transnational behaviour along with concepts for the appropriate behaviour for host governments towards foreign investors. Clearly these endeavours must now be given a higher priority.

The need for multilateral action originally arose from a recognition that prospects have never been brighter nor the need greater to develop a more constructive international understanding about direct investment. At the same time, trends in international development and investment are becoming more varied and complex.

Despite earlier fears, investment flows have now become more balanced among OECD countries, thus reducing fears that US corporations were about to buy up the world. At the same time, the US has itself become an important host country for foreign direct investment.

Likewise, there has been a general increase in the number of host and home countries outside the OECD area and in the number of transnational corporations based in developing countries. In particular, the newly-industrialized countries have developed a larger stake in creating a positive climate for direct investment.

In some other countries, the situation is quite different. Multinationals are attracted to better-off developing nations, and direct investment flows to less-developed countries are insufficient to resolve their problem of under development. Only one-quarter of total foreign direct investment is directed to developing countries.

This outcome has relevance for programs of official development assistance, and em-

phasizes dramatically its importance in the development process. The truth is that although direct investment in developing countries during the past decade has increased faster than the growth in official development assistance, it has actually declined as a proportion of the annual flow of resources from OECD countries to the Third World. It thus becomes abundantly evident that international direct investment cannot replace development assistance but can only supplement it.

Another complexity in the international foreign investment picture is the role played by states with a centrally planned economy. In such countries, foreign investment is generally restricted to minority shares, so that the level of foreign investment usually remains at a low level. But many state-controlled corporations in these countries have themselves become transnationals. They, too, then must be factored into the rules of the game of international direct investment.

Canadian policy

In such a complex and changing investment environment, how can we usefully strengthen international co-operation? It seems to me that we have to link two elements. One is the responsibility of host governments to ensure that foreign investment contributes to national development. The other is the assurance that risk-taking transnational corporations are accorded fair treatment and the possibility of a reasonable return. That, in essence, is the basis of Canadian policy in this field.

We also think that governments should refrain from applying their laws to affiliates of transnational corporations which operate outside of that nation's jurisdiction. We believe that restrictions on licensing, limitations on freedom to export, procurement policies which favour overseas suppliers rather than competitive domestic sources, or the concentration of research and development in the transnational's home country are practices which should be avoided.

A case in point is the recent unfortunate US decision to restrict the export to the USSR of oil and gas equipment produced by foreign subsidiaries of US companies. Such unilateral, extraterritorial application of US law is unconscionable and can only hurt international investment flows and development. The US should reverse this decision as soon as possible. I feel sure that foreign companies operating in the US are expected to abide by US laws and policies. We who are hosting US companies demand no less respect for our domestic laws and policies.

We recognize that greater understanding is essential to making progress in this field of foreign investment. And many aspects require considerable study. We need better international understanding of investment incentives, particularly at a time when there is much scrambling among nations to attract new investment. We have to try to reduce the costs of competitive investment incentives offered to transnationals, at the same time working for a more equitable division of the world's investment resources. Canada endorses the work of the World Bank and the OECD in this area.

In conclusion I want to stress that, for Canada, the evolution of an effective international regime for direct investment is an essential part of economic development and the North-South challenge. We believe our primary goal must be to ensure that transnational corporations are given an opportunity to contribute to world development through their dynamic profit-making activity and to ensure that the benefits derived from their activities contribute to rational global development. To achieve this, we must work towards balanced international co-operation in order to achieve a more constructive investment climate.

I believe that if we can produce clear rules of understanding and conduct for host and home governments as well as transnational corporations, we will have made a significant contribution to a more rational and balanced world development.



Statements and Speeches

No. 82/26

THE FUTURE OF INTERNATIONAL TRADE

Address by The Honourable Ed Lumley, Minister of State (International Trade), to the Fifth Quadrangular Conference, Georgetown University, Washington, D.C., September 20, 1982

...Trade and trade problems today are a hot topic. Almost daily the media headline the latest trade dispute. The General Agreement on Tariffs and Trade (GATT) Secretariat, in their recently released annual report, underlined emphatically the consequences of a drift into an increasingly protectionist world. At the International Monetary Fund World Bank annual meetings held in Toronto two weeks ago, some delegates expressed concerns that the whole international system of trade and finance could disintegrate. And just last week Sir Roy Denman (head of the EC delegation in the USA) warned of the danger of a collapse of the world trading system if current disputes were not resolved amicably.

Such statements obviously beg several important questions. What grounds are there for these expressions of concern? We all know that the postwar economy has developed through increasing interdependence among nations and by the expansion of trade based on free trade principles. Few today dispute the notion that if nations turn protectionist in the pursuit of short term objectives, their longer term development will suffer.

And yet, as we are all too aware, the world trading system today is currently being buffeted by strong pressures and strains on many fronts. It is not only timely but imperative that we ask ourselves why, what are the implications and where do some answers lie.

In reflecting on these questions in preparation for this conference, I was reminded of two remarks which taken together capture very well, to my mind, the conundrum facing trade policy officials today. The first was a remark made by the director general of the GATT, Arthur Dunkel when he compared the trading system to riding a bicycle. "If you don't keep moving forward, you fall over." The other quotation was by the very highly regarded United States Secretary of State George Shultz when he wrote: "Nothing is more domestic than international trade policy." As I said, within these two statements we have today's conundrum.

Our collective economic wellbeing is closely tied to a strong and liberal trading system. To ensure that the system remains strong and credible, we must act on opportunities to strengthen what has been achieved and to build on it.

International-
domestic link

However, current economic circumstances weigh so heavily that trade policy officials are severely constrained by domestic preoccupations. The key domestic political concern today is jobs. International trade policy has a lot to do with the location of employment and therefore is inextricably linked to domestic realities.

Difficult as their task is, I sometimes look very enviously at our Treasury colleagues. Their policy judgments have profound and significant consequences for the rest of us but their debates are often obscured by discussions on the money supply, velocity rates, liquidity traps and J curves. Very few people out there in the real world understand what they are talking about. Unfortunately trade policy officials do not have that luxury.

Trade problems are much more immediate and understandable. Trade policy officials and politicians will therefore continue to be required to work within the context of today's domestic realities. In order to do so, we must improve our understanding of why the system is under attack.

I am not one of those who believe that we are about to witness an imminent collapse of the system or a massive retreat into the inward-looking policies of the 1930s. We are, I think, wise enough to avoid that. That threat I see is much more insidious — a steady erosion of the trading system — a gradual chipping away at the principles on which the system has been so painstakingly built.

What are the arguments? The first one is that imports are seen to cost jobs in the short run. At a time of record high unemployment, the temptation is strong to look at highly visible imports and fear that they are taking jobs. But what is not so visible is the gain in efficiency achieved through trade and the large element of employment in our societies dependent upon exports for survival.

These sectors often represent the most dynamic elements of our economies and restrictive measures which will only beget further restrictive measures by others can only put these in jeopardy. Trade is not a zero-sum game with winners and losers. With trade, we are all winners.

Another argument that one hears increasingly from sophisticated circles who should know better is the refrain that nobody else plays by the rules, so why should we? Those who take this approach argue that the trading system is breaking down and that there is no choice available to those determined to protect their own economic security than to fight fire with fire by joining with those who are disregarding the rules. This argument is destructive of all that we have created in the postwar era.

**Responsibility
factor**

We all know that none of us is perfect.... But as the major trading countries, we share a leadership responsibility in ensuring that the trading system as a whole is seen to be working fairly.

Competitive foreign suppliers must have full and fair opportunity to serve all our markets, consistent with international rules which allow for action to prevent domestic injury. Failure to provide fair access will only lead to greater skepticism and even cynicism. This in turn would strengthen the hands of the proponents of protectionism and narrow reciprocity.

Let us make no mistake of what is at risk. A turning away towards more protectionist policies and actions by the major trading blocs could, as we learned in the 1930s, have a catastrophic effect on the global trading system and on the economic wellbeing of all of us.

There is another more sophisticated argument which does not seek to deny the economic benefits of freer trade. It is that the level of economic integration which we have achieved imposes upon us an unacceptable degree of international intervention in our domestic societies. In other words, it limits to too great a degree the scope for domestic action.

Those who favour this argument seek to turn the clock back to a simpler era. As attractive as it may be to some, turning the clock back is impossible. We have gone too far — and rightly so.

**Economic
health, political
security
inseparable**

We are living in a closely knit world where we must all cope together, for our economic wellbeing as well as our political security are inseparable. Unilateral attempts to redefine the rules or the principles of the trading system cannot succeed and can do much harm.

The lesson to be drawn from this is that real understanding and mutual support between trade partners will be crucial as our economies continue to pass through this difficult time. Certain restrictive measures have been necessary in all our countries and may well be unavoidable in the future.

In facing up to these problems, it is imperative that major trading countries demonstrate the sensitivity and will necessary to produce mutually satisfactory solutions. If we do not work together to alleviate these pressures, the consequences could be disastrous.

We must all bear in mind that trade relations are not only a matter of applying rules mechanically and blindly. They are a matter of policy — of judgment and sensitivity to imponderables. We must take account of each other's difficulties and not just our own.

We must also be aware of our responsibilities to the world. We must elevate the debate above dangerous mutual recriminations, misunderstandings and resentments. The overriding nature of our common interests must lead us to sharing responsibility for solving the major issues facing us.

This must be our first priority.

But resistance to the pressures of protectionism is not sufficient to do the trick alone. As I said earlier, we must move forward. A significant milestone will be reached in November when the GATT will meet at ministerial level. That meeting two months from now presents all of us with a major challenge. It will be important for that meeting to begin to come to grips with a number of problems where agreement has so far eluded us as well as beginning to address the question of how to ensure that the framework of the GATT meeting priorities remains viable throughout the 1980s.

GATT meeting priorities

It might be helpful if I share with you the priorities which Canada will carry into that meeting:

Safeguards agreement — We want to see a system which requires everyone to follow the same rules and which would ensure that exports are not acted against frivolously or unnecessarily. At the same time it clearly must allow emergency actions when these are fully justifiable.

The Dispute Settlement System — This system is critical to the effective enforcement of GATT rights and obligations. We must renew our commitment to make it work effectively as it can only be as good as our political commitment to it.

The emergence of the advanced developing countries — A key priority in the 1980s is to ensure that these countries make a contribution to the international trading framework commensurate with their stake in the system, and also to ensure that their legitimate interests are met.

Agriculture — We should be seeking improved and more balanced rules governing trade in agricultural products. In particular we must seek better discipline over the use of export subsidies. At a time of world food shortages and large government budget deficits, I fail to see how anyone could disagree with the need to strengthen the international framework and co-operation in this area.

Fish — Barriers to trade in fisheries products have not been adequately addressed in the past. Like agriculture we attach a major importance to work in this area.

Strengthening existing GATT codes — The Aircraft Agreement and the Government Procurement Agreement negotiated during the Tokyo Round were innovative and significant in trade terms. We must explore the possibilities for further action in these areas.

Tariff escalation — We continue to look to action to provide better access generally for further processed resource products. The tariff structure of a number of countries continues to operate against resource exporters by limiting their possibilities for

increasing their value-added — even though they enjoy a comparative advantage.

These then are priorities for Canada as we approach the GATT ministerial. Of course other issues have been suggested and each country has its own priorities. Those that come to mind include trade in services, trade-related investment issues and high technology.

We will go along with the suggestion that the problems related to trade in services be studied in the GATT recognizing that this is a complex area and that this will be a long process. Similarly with respect to trade in high technology goods, we are prepared to consider whether and how this problem might be addressed in the context of GATT.

**Trade-related
investment**

With respect to proposals regarding trade-related investment matters, we have said that such a program of study as suggested would be unbalanced unless it were to address at the same time the behaviour of the multinational enterprises.

This of course does not constitute an exhaustive list of all those issues which will be before ministers at the GATT ministerial. But it does constitute a list of the most important issues facing the trading system. It will be important in November in Geneva that we begin to grapple with these.

Canada, as chairman of the GATT ministerial, has high but realistic expectations of what the Geneva meeting can achieve. I do admit however to some concern about the differences in expectations I have heard expressed by various national representatives. No country can expect to have it all its own way. We will need to construct a final package that we all can support. This will require flexibility and compromise from all participants.

The problems we face are complex and we cannot expect to walk away with all the solutions. But we can agree on a work program — a trade agenda for the 1980s — so that issues of concern and areas of particular interest can be addressed in ways to strengthen and make more relevant the system as a whole.

Political rhetoric will not suffice. A bland communique will I believe represent a failure. We must be able to demonstrate to our respective publics that real progress can be made on the important problems confronting the world community.

As Machiavelli once said: "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things." This is the challenge facing trade policy politicians and officials today. As perilous and difficult as this exercise may be, we cannot afford to fail.

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Statements and Speeches

No. 82/27

REDEDICATION TO UN VITAL FOR PEACE, SECURITY AND BRIGHT ECONOMIC FUTURE

Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Thirty-Seventh Regular Session of the United Nations General Assembly, New York, September 27, 1982

...I am very pleased to have the honour once again of addressing the General Assembly after an interval of seven years.

In an international perspective, seven years is not a long time. Yet in that interval, profound changes have imposed themselves on the world community — changes that have distanced us from the relatively optimistic days of the mid-Seventies.

Simply stated, the world at present is facing acute economic and political crisis. World economic conditions have deteriorated sharply, with devastating consequences on the aspirations of all nations, rich and poor alike. Political upheaval has driven the international community toward recurrent instability. And these forces are closely linked. Political crises generate economic consequences; economic dislocations breed political instability.

How can we chart a course for our institutions that will bring us through this period of grave economic dislocation and dangerous political tension, and serve the interests of all members of this General Assembly?

When our present institutions such as the United Nations, the International Monetary Fund, World Bank and the General Agreement on Tariffs and Trade first took shape, there was hope of maintaining a network of relationships which would match the complexity of postwar interdependence and help to stabilize it. Today the need to manage interdependence is even more pressing. But in the present crisis there is a disturbing tendency to discount and discredit multilateral institutions. Because the maze of international problems has become more resistant to conventional solutions, attacks are being made on the institutions through which solutions are being approached. The United Nations, in particular, has been the object of much criticism.

Surely we have learned by now that interdependence is a compelling reality, for better or for worse; no nation acting alone can hope to resolve its problems in isolation from others. Multilateralism — whatever its specific instrument — offers the main hope we have of deflecting predatory political and economic responses, on a global scale, that all too easily might emerge from a prolonged period of uncertainty and fear.

But let there be no mistake. The credibility and effectiveness of multilateral institutions depend fundamentally on the political will of individual nations and their leaders — the will to create a collective response to serious domestic and international problems.

Most countries, developed and developing, are now grappling with high rates of inflation. Slow or stagnant growth, and international payments imbalances, compound already serious debt problems. Record high unemployment in many countries threatens the social and political fabric of our societies and feeds protectionist sentiment. At the international level, economic crisis is having a devastating effect on growth prospects and on development assistance. Debt servicing problems have reached proportions that impose considerable strain on the international financial system.

The consequence has been an increasing tendency towards economic parochialism. Pressures for short-term relief put at risk the multilateral system, and narrow the longer-term prospects for all of us. These pressures must be resisted.

The collective response to the current economic situation was extensively discussed at the annual meeting of the IMF/World Bank held in Toronto. I was encouraged by the determination of participants at this meeting to treat economic problems as matters of common concern requiring common action.

Themes of importance

I would like to underline two important themes. First, the magnitude of the financial difficulties many of our countries face makes it imperative that the IMF have adequate resources to ensure that it can continue to play its vital role in promoting adjustment in member countries. That is why Canada supports a substantial increase in quotas during the Eighth Review.

Second, the current economic situation has meant that development assistance has become even more essential for a number of developing countries, and it is important that bilateral and multilateral flows continue. We welcomed the agreement reached at Toronto to ensure an adequate level of funding through the life of IDA VI.

The tendency to turn inward economically is also exerting strain on the multilateral trading system. Protectionist sentiment arising from economic dislocation is difficult for all governments to deal with, my own included. But it is absolutely essential that we manage these pressures collectively, to avoid undermining the GATT. That organization has been enormously beneficial in promoting world economic growth in developed and developing countries. Any serious weakening of the GATT through beggar-thy-neighbour policies would have the ultimate effect of making beggars of us all. The GATT can and should be strengthened.

Canada will chair the 1982 annual session of the GATT Contracting Parties, which will be held at the ministerial level in November. We regard this session as a signi-

ficant test of our collective determination to manage an interdependent system.

Development assistance

Intense preoccupation with domestic economic concerns also confounds our attempts to persevere with development assistance programs. What should be our response to the inescapability of shrinking resources? How do we face the difficulties in generating increased development assistance flows?

We should all — national donors and multilateral agencies alike — rationalize deployment of available resources for maximum possible effect. The best results can be obtained from this process of compulsory selectivity only if donors focus on areas of special national expertise and resources. Canada, for example, has chosen to concentrate its efforts in three particular areas which draw upon considerable national experience. These are the food and agriculture area; energy, specifically petroleum exploration; and human resources.

Another response to shrinking resources should be to make full and timely use of every opportunity for enhanced co-operation. In this connection, I am disappointed with the lack of progress made on global negotiations since the Versailles Summit. Canada believes that the text of a compromise resolution worked out at Versailles represented a significant step in the effort to find a formula for launching global negotiations. I regret that it has not been possible to find a basis for real negotiations.

Economic problems are all the more vexing and potentially dangerous because they are bound up with serious political instability. Political instability produces consequences extending far beyond the immediate region in which conflict has erupted. In a shrinking world, local vulnerabilities and tragedies become the common concern of us all.

We have witnessed the long agony of Lebanon and, no more than then days ago, the horror of the Palestinian massacre. These terrible events bring home to us in stark fashion the price that is paid when solutions to political problems are sought through military means, when feuds between nations, between peoples, between political factions, take the place of negotiations, when the instruments the international community has created to settle differences and prevent human suffering are misused or ignored.

Middle East

I want to emphasize Canada's strong support for Lebanon's sovereignty, independence and territorial integrity and our firm endorsement of the Security Council's calls for the withdrawal of Israel from West Beirut and from the whole of Lebanon. No foreign forces should remain without the full consent of the government of Lebanon; otherwise stability will not return to that ravaged country.

Equally important, efforts must be intensified now to grapple with the problems at the heart of the Arab-Israeli conflict. More than ever, the tragic events of the past

few months illustrate the need for a just and permanent solution which assures the legitimate rights of the Palestinian people, including their right to a homeland in the West Bank and Gaza, and the right of Israel to exist in security and peace. Important proposals of such a solution have recently been made; the US proposals of September 1 in particular offer opportunities for progress which should be vigorously pursued.

Other tension areas

Other arenas of conflict continue to contribute to the generally high level of international tension. Events in Poland remain an object of our particular attention, not only because of concern for the basic rights and freedoms of the Polish people, but because of serious implications for stability in the heart of Europe.

In Afghanistan and Cambodia, we witness agonizing, protracted, and deplorable military occupations which are in sharp contradiction with the aims and ideals of this organization and its Charter. The Soviet occupation of Afghanistan, and the Vietnamese occupation of Cambodia, continue to violate the sovereignty of their victims and to ignore resolutions adopted by this Assembly. Once again this year, resolutions are before this Assembly on Afghanistan and Cambodia; I urge all member states to support those resolutions.

The Korean Peninsula has long been an area of tension and concern. We are encouraged, however, by the proposals made earlier this year by the President of the Republic of Korea seeking dialogue and reconciliation without conditions, and we hope for the greater integration of the Peninsula into the international community.

The extent to which local or regional conflicts draw their energy from mutually-antagonistic ideological systems is also cause for considerable concern. In recent years, the breakdown of *détente* and an increasing anxiety over the unpredictability of events have fuelled public fears of nuclear war. Our peoples fear that everything is at risk: the economic and technological systems which sustain us, the political and social systems which underpin them, and the very biosphere which permits the existence of life itself.

Arms control and disarmament

The world has high hopes for the second United Nations Special Session on Disarmament. When the session ended without having reached final agreement on a comprehensive program of disarmament, there was much disappointment and frustration. However, a disservice is done to the Special Session, and to the UN as an institution, if it is simply dismissed as a failure. Of course the results were disappointing. But then, the expectations of many were probably unrealistically high given the prevailing international climate. Moreover, in this climate, it is essential that the campaign for nuclear disarmament be waged at the negotiating table. My country strongly supports the present negotiations in Geneva to limit and reduce the level of nuclear arms.

Canada has chosen to contribute to the arms control and disarmament process by concentrating on the vital issue of verification. We are doing this through participating

in the international seismic data exchange and by substantially increasing research in verification. I would appeal to other member states to consider how their particular circumstances and resources might be drawn upon to contribute to the arms control process. It is basically the same question as with development: given the need for selectivity, what can you contribute?

I have evoked today a set of perplexing and inter-related economic and political problems. What is the UN's capacity to respond to these? The question is an urgent one, because the UN — with its Specialized Agencies — addresses virtually the entire range of human concerns.

Within the UN, crisis management capacity has been called seriously into question by divisions within the Security Council, by an erosion of the constitutional division of authority between the Security Council and this Assembly, and by a cycle of ineffectual resolutions. We have seen an increasing tendency to introduce extraneous polemical issues in the UN Specialized Agencies, with a diminution of their effectiveness and credibility. Official spokesmen of key UN member states have expressed skepticism regarding the organization.

To counter attacks on the UN, from within and without, we must more closely bind our policies and our behaviour to the principles expressed in the Charter.

The UN's role in international law

We must also vigorously reaffirm the singular contributions that the UN has made to the development of international law. As the Secretary-General explained at length and with eloquence in a speech delivered last month in Montreal, the United Nations plays a unique and absolutely essential role in the promotion of the rule of law. It is *only* the UN, with its virtually global scope, which has the capacity to play that role.

This year the third UN Conference on the Law of the Sea succeeded in producing a profound achievement: a comprehensive Constitution for the oceans of the world. The conference could not have produced such a massive convention without the active support and participation of all nations during the long years of negotiation. We deeply regret that the conference was not able to adopt the text of the convention by consensus. No state can remain aloof from the regime, and we must not be swayed by any attempts to undermine it.

The UN has succeeded in making human rights violations a legitimate subject of international scrutiny, and it is significant that the Secretary-General has identified human rights promotion as a priority area. Canada will support the Secretary-General in these efforts. Effective procedures must be worked out to deal with flagrant violations of human rights.

A role of critical importance for the UN is the peaceful resolution of disputes. However

maligned this organization may be in its efforts to resolve disputes, it can achieve notable successes. In Namibia, the UN has worked out a balanced settlement plan which should bring Namibia to independence peacefully, and has obtained for that plan general acceptance. The substantial progress that has been made must be attributed, in part, to the dedication and constructive approach of the Front Line States and the South West African People's Organization (SWAPO). We hope that remaining problems will be quickly resolved.

The appointment of a new Secretary-General has come at a time when the UN is facing unprecedented problems, and when the need for institutional reform has become obvious. In his first annual report, the Secretary-General has addressed this need in direct and specific terms. He has put forward several innovative suggestions, in particular directed at a more effective Security Council. He has himself undertaken to play a more direct role in bringing urgent matters before the Council. These specific proposals — and Javier Perez de Cuellar's commitment to administrative streamlining — are very welcome and should be encouraged. Pragmatic reforms *must* be made, or the UN will lose its validity as a forum for international negotiations, not only for the promotion of peace and security, but also for the shaping of our economic future.

The aims of the institutions we have invented are under considerable and potentially crippling strain. We must rededicate those institutions, and the driving force of our determination must be a sense of shared vulnerability.

The present crisis demands intelligence and will. Intelligence must lead us to a more profound understanding of political and economic forces; our will must reside in commitment to those national concessions dictated by our mutual dependency. We cannot, must not, allow mutual antagonisms or self-absorption to divert our attention from the full range of difficulties we face, and which we must face together.



Statements and Speeches

No. 82/28

CANADA'S POSITION ON THE MIDDLE EAST AFTER THE LEBANON CRISIS

Statement by Pierre De Bané, Minister of State (External Relations), to the Fourteenth Congress of the Centre Québécois de Relations Internationales, Quebec, September 30, 1982

I speak to you today at a moment of crisis in the Middle East — tragically only one of many which this region has suffered over the years. We are all appalled by the recent events in Lebanon for which there can be no excuse and which will do nothing to advance the interests of any group or country in the area. Having reached such a low point, can we discern grounds for hope in the carnage of Beirut? In my remarks I should like to review the prospects in the Middle East and describe the position and actions which Canada is taking to deal with the situation. In the most general and hesitant terms, I think there are some grounds for optimism if the main actors on the Middle East stage grasp the opportunities now open to them and press forward in the peace process. Let us hope that Lebanon in September 1982 will be seen not only as a reflection of antagonism and human degradation but also as the turning point in the Arab-Israeli dispute.

The Middle East situation has radically changed in recent months as a result of Israel's invasion of Lebanon — changed not only on the ground, but in the minds of many observers outside the area. There is no question that the horrors that have befallen the Lebanese and Palestinians in Lebanon have had a tremendous impact in Canada as they have in other countries. No one can remain untouched by the human suffering caused by the escalation of violence that has culminated in the assassination of Lebanon's president-elect and the massacre at the Sabra and Shatila camps — a senseless and wanton act whose inhumanity its perpetrators will never be able to explain away.

Lebanon crisis consequences

The consequences of the Lebanon crisis are wide-ranging. Israel has demonstrated its overwhelming military superiority in the region. The cost in human lives has been high for both Lebanese and Palestinians and the physical damage will scar the country and Beirut for a long time to come. The Palestine Liberation Organization has been severely beaten militarily but, although it has been dispersed throughout the Arab world, it could emerge more united and its leaders prepared to carry on a political struggle from their new locations. Very many Palestinians, at any rate in the Palestinian "diaspora", continue to look to it for leadership. The danger of further conflict between Israel and Syria remains. The Arab countries failed to rush to the support of the Syrians and PLO during the crisis and their position may have been weakened as a consequence. In the Israeli-occupied territories, there has been fresh turmoil and great uncertainty about the future, as Israeli settlements and Israel's

practical control are expanded further. Fortunately, there has been no super-power confrontation in or over Lebanon.

The Lebanon crisis has had a profound impact on the prospects for the peace process. In the past few weeks new and significant initiatives have been announced. Particularly striking was President Reagan's statement on September 1 signalling the United States' resolve to shift from mediator to more active participant in attempts to resolve the dispute. This is a welcome development; President Reagan's proposals merit the most careful consideration by all sides. Canada is in accord with the main lines of the US initiatives:

- the insistence on security for Israel and on full autonomy and self-government for the Palestinians on the West Bank and Gaza in the Camp David framework;
- the participation of Jordan and the Palestinians in the autonomy talks. We have noted with particular interest the desire of King Hussein of Jordan to work out with the Palestinians a position on the region's future;
- the opposition to Israeli annexation of the territories.

**Palestinian
state possible**

We have a somewhat different approach on some of the US proposals. While we would have no problem with self-governing Palestinians on the West Bank and Gaza in association with Jordan, we would not rule out the possibility of a Palestinian state. For Canada the key is that we do not want to prejudge the outcome of eventual negotiations among the participants when they sit down to talk.

We will be following closely how the US translates its initiative into concrete action in the weeks and months to come. We will all want to give the Americans support as they attempt to translate their ideas in the short term into reality.

Hard on the heels of the Reagan statement came the resolution on the Arab-Israeli dispute by the Arab Summit in Fez. It is too early to have detailed views about the resolution but in a tentative way we see the Arab move in the following terms:

- we welcome reference in the plan to Security Council guarantees for peace. We would hope to have more details on this position, particularly the way in which all states in the region would be secure and have recognized frontiers;
 - the Fez ideas will have to be judged on whether they can assist in moving the peace process forward. We note that there is little in them that deals with a mechanism of negotiations which we consider important;
 - if the plan leads to negotiations for a balanced settlement in the Middle East which respects the principles of Resolution 242 then we think that a positive first step will have been taken.
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**Canada's
position**

In adopting the policies which we have followed on the Arab-Israeli dispute, we have aimed at maintaining a balanced and principled point of view which explains our ongoing support for Resolutions 242 and 338 and at keeping open our channels of communication with both sides. This includes ongoing contacts, not only with the various governments concerned, but also with the PLO. We have tried to understand and respect the genuine interests and concerns of both sides in the continuing conflict between the Arabs and Israelis and to take them seriously into account.

That does not mean that Canada has been neutral. We have taken strong positions on various issues. Canada, for instance, is firmly committed to Israel's existence, legitimacy, security and well-being as an independent state in the Middle East. We also deplore and condemn acts of terrorism against targets in Israel and elsewhere. Canada has taken a lead in trying to combat international terrorism. We have done so in the Economic Summits, in the development of international law on the subject and in attempting to obtain wider adherence to international conventions to make them more effective. These are basic elements of our Middle East policy. They are well understood and, I think, respected by all, including even the most directly-engaged Arab parties. We lose no opportunity to re-emphasize them in speaking to Arab governments and Palestinian leaders. In the interests of regional and world peace — and in their own interest — the Arabs should agree to sit down and negotiate with Israel as Sadat did in 1977. There is no other route to a long-term settlement.

What has not always been appreciated is that firm Canadian support for the existence of the State of Israel does not preclude fundamental differences with the Israeli government over certain of its policies.

In particular, Canada has been critical of Israel's policy towards the occupied territories of the West Bank, the Gaza Strip and the Golan Heights. We have told Israel that we cannot accept the position that it has gained the right to retain permanent control over these territories. The repeated assertion by Israeli spokesmen that Israel will never withdraw from them, coupled with the announced determination to increase the number of settlements and the rejection of any suggestion about their removal in any peace arrangement, undermines confidence about the possibility of successful negotiations and is, therefore, very unhelpful to the peace process.

Canada has criticized the strong measures taken in the occupied territories to suppress the developing Palestinian national feeling, including Israel's closing of Palestinian universities, its tough measures to put down demonstrations (which have led to serious casualties) and its undermining of the local Palestinian leadership through the expulsion of some mayors and the dismissal of other mayors and municipal councils.

Canada has strongly opposed Israel's annexation of East Jerusalem in 1980 and its move to annex the Golan Heights in 1981.

We have made clear that we consider the invasion of Lebanon and the subsequent Israeli incursion into West Beirut unjustified and a grave setback to the peace process. In the words of the Prime Minister, we think it is "important to avoid actions which fuel rather than dampen the flames of violence and hatred in the Middle East". Just as the PLO's policy of armed struggle against Israel did nothing to advance the Palestinian cause, so we doubt whether Israel's prolonged use of military force in Lebanon will really add to the long-term security of Israel.

Contributions by Canada

We have not been neutral regarding the fate of the Palestinians — either in its humanitarian or political dimension. Canadian support for the humanitarian needs of the Palestinians is a matter of record. Over the years, we have contributed \$70 million (US) to the United Nations Relief and Works Agency (UNRWA). Of the \$2.55 million we have contributed to humanitarian assistance for Lebanon since the invasion began in June, almost a million has gone specifically to UNRWA.

What is less known, perhaps, is the contribution we have been making through non-governmental organizations, particularly to the development of medical and educational programs for the Palestinians in the West Bank and Gaza.

On the political front, we have supported the legitimate rights and aspirations of the Palestinians. We support their right to play a full part in negotiations to determine their future. Moreover, we support the Palestinians' need for political self-expression within a territorial framework. We support their right to a homeland within a clearly-defined territory, the West Bank and Gaza Strip. We have never subscribed to the view that the Palestinians already have a homeland of their own, namely, Jordan.

Events in Lebanon have greatly heightened the interest of the international community in the Palestinian problem, which, with the continued security of Israel, is the central issue of the Arab-Israeli dispute. There has been growing concern about the situation of the Palestinians and their tragedy, given their developing national consciousness and their identity as a people. This has been most clearly reflected at the United Nations.

A good part of the Arab-Israeli conflict is fought in the United Nations and other international bodies with the Arabs taking the offensive and the Israelis being very much on the defensive. The Arab countries have stepped up their political campaign against Israel over the past year in virtually every international forum — over 40 separate resolutions in the General Assembly alone. These efforts were intensified this year during several emergency special sessions and may be pursued this fall at the regular General Assembly. Sometimes we can, on balance, support specific texts that they propose; but on other occasions we have been obliged to oppose or abstain on their resolutions, particularly when the texts contain elements which would seriously prejudice eventual negotiations for a peace settlement.

The Arabs have now reached the stage of questioning Israel's *bona fides* as a peace-loving member of the UN, thereby laying the groundwork to expel or suspend Israel or to deny Israel its rights of membership in the United Nations family of organizations. While we understand the deep resentments which have sparked these resolutions, Canada believes firmly in the principle of the universality of UN membership and cannot give any support to moves which run counter to this principle.

**All foreign
forces should
leave Lebanon**

As to Israel's long-term intentions we consider that Israeli and all other foreign forces should withdraw from Lebanon unconditionally and without delay. Until the Lebanon situation settles down, the prospects for negotiations on the Palestinian question remain minimal. The various peace initiatives demonstrate an encouraging new impetus in grappling with the Palestinian problem. We must hope that all sides will be prepared to compromise, although in the present climate of distrust created by the latest tragedies in West Beirut, compromise may be more difficult than it has ever been. But the attempt must be made. In particular, we hope Israel will find it possible to take a much less uncompromising position on the future of the occupied territories, as well as in its dealings with the inhabitants of those territories, so that there will be some incentive for them to join the peace process.

For their part, Arab governments and Palestinian leaders should understand the basis for Israel's fears about its long-term security, despite its present military predominance. They must make it unmistakably clear that, as part of a just settlement assuring the legitimate rights of the Palestinian people, they would agree to genuine and lasting peace with Israel. As Canadians, we should do our best to persuade the parties to move in the direction of real mutual accommodation and to make much greater efforts to understand the fears and preoccupations of the other side. Only on expanded mutual understanding can peace eventually be built.



Statements and Speeches

No. 82/29

ARMS CONTROL AND DISARMAMENT: TOWARDS A SECURE WORLD

Statement by Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, on the occasion of Disarmament Week, October 24-30, 1982

Disarmament Week is observed in many ways throughout the world. I am pleased that in Canada activities coast-to-coast, organized by community groups, non-governmental organizations and individuals, will not only reflect the growing concern of many Canadians about the arms race but also help to underline the vital role which arms control and disarmament negotiations play in promoting the more secure world we all desire.

Prospects for progress

A year ago there were no negotiations on nuclear weapons. Since then the United States and the Soviet Union have begun negotiations on intermediate-range nuclear forces and have resumed the process of talks on strategic arms. The emphasis, not just on limitations but on reductions, is one that Canada welcomes, recognizing the complexities involved in arriving at balanced and verifiable agreements. In the case of another category of weapons of special interest to Canada — chemical weapons — the prospects for progress toward a ban in the Committee on Disarmament in Geneva are greater today than they were a year ago. Also, recent proposals at the nine-year old talks in Vienna on reducing conventional forces in Europe hold out the possibility of progress toward agreement.

The past year has seen greatly increased activity in the deliberative bodies at the United Nations, particularly in the First Committee of the General Assembly and the second Special Session on Disarmament. Canada could not but share the disappointment of other countries that its ambitious agenda could not be realized. Yet the Special Session did focus the attention of many world leaders on arms control and disarmament issues. Equally important, it led to greater public discussion and understanding of the issues involved, of what has been accomplished in the past and of how much remains to be done. Prior to and during the Special Session, Canada devoted particular efforts to the promotion of public awareness. For example, the extensive hearings on security and disarmament in the House of Commons Standing Committee on External Affairs and National Defence led to a report which will be a valuable continuing reference, a record of a wide spectrum of Canadian views.

Disarmament fund increased

To expand research and public information activities, the disarmament fund of the Department of External Affairs has been increased specifically to assist research and teaching facilities in Canada. In addition, funds have been allocated to enable Canada to become a member of the international seismic data exchange which will form

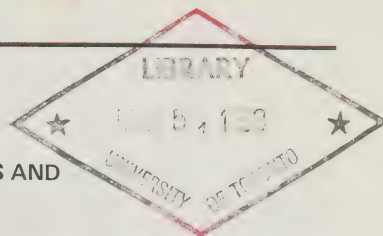
part of the international verification provisions of a comprehensive nuclear test ban treaty. Canada will also substantially increase research in verification utilizing expertise available inside and outside government.

Disarmament Week, initiated in 1978 by the United Nations, underlines the challenge facing governments and non-governmental organizations: the promotion of greater public awareness and understanding of the importance of negotiating verifiable arms control and disarmament agreements.



Statements and Speeches

No. 82/30



INTERNATIONAL ECONOMIC DEVELOPMENTS AND THEIR IMPLICATIONS FOR CANADA

Address by Gerald Regan, Minister of State (International Trade), to the Canadian Institute of International Affairs, Toronto, October 29, 1982

...Tonight I want to talk to you about international economic developments, their implications for the Canadian economy and trade and the challenges and opportunities which will confront us in the months and years ahead.

First, let me touch briefly on the international economic environment. Since 1980, economic growth in the industrial countries has been sluggish and output has been virtually stagnant for over a year. There has been virtually no growth in world trade over the past 18 months. International economic forecasters have revised downwards their projections of growth for the last quarter of this year and 1983 for almost all industrial countries. Economic recovery, which has been widely predicted for over a year, has not yet taken hold. The impact has been seen in an intolerable increase in the level of unemployment throughout most of the Western world.

Looking beyond the industrialized world we see similar problems elsewhere. Non-oil exporting developing countries are now experiencing average growth of only 2.5 to 3 per cent — the lowest level in years. The oil-exporting countries have as well experienced severe declines in growth in the past three years. Current account balances have shifted dramatically since the second oil crisis, with the industrial countries now registering a slight surplus and the oil exporters of the Organization of Petroleum Exporting Countries (OPEC) a deficit. Estimates of the combined deficits of non-oil-exporting developing countries this year and next range upwards of \$75 billion. Prices for primary commodities other than oil are lower today in real terms than they have been in three decades.

Bleak picture

In a word the picture is bleak and these international developments have had a significant impact on Canada. As the Prime Minister said in his address last week, "The world-wide recession has cut our economy to the bone. No Canadian has been untouched." Canada is of course first and foremost a trading nation and has been from its earliest days. More than 30 per cent of our gross national product is generated by our exports of goods and services. Few countries are as visibly dependent on trade for the development of their economy as is Canada.

Our country does not possess a large internal market. It does not have preferred access to a larger market through a regional trading block. Our prosperity depends upon our ability to sell goods and services in many parts of the world, especially in

the United States, Western Europe and Japan. In the important area of employment, it is estimated that some 950 000 Canadians owed their employment directly to exports in 1981 while a further 950 000 employees in such service industries as transportation, communications and insurance indirectly owed their employment to exports. That adds up to almost two million Canadians whose jobs depend on exports. There is a strong and direct link between our export performance and our over-all economic performance.

But Canadians are obviously not alone in the international market-place. Once again, as the Prime Minister said, "The decline into the deepest recession in half a century has created a harder, leaner world, hungrier for customers, for investment, and for advantage.

"Our challenge, simply put, is to restore Canada's fitness to survive economically in a world where the survival of the fittest nations has become the rule of life."

Protectionism

Trade, which is so vital for our economic well-being and prosperity will, in the immediate future, occur in an international economic environment much less hospitable to our interests. It is imperative that we understand the forces at work and have a strategy to deal with these new realities. What then are the challenges that face us? First, protectionism. Record levels of unemployment in the industrialized countries have generated tremendous political pressures for protection. Fortunately, the world has not forgotten the lessons of the Thirties and governments, while taking some actions, have avoided the massive "beggar-thy-neighbour" policies of the 1930s. But these protectionist pressures are exerting tremendous stresses and strains on governments and on a multilateral trading framework. Unless there is some relief soon, these stresses could become intolerable. In the period ahead, some trade-restricting measures by governments will be unavoidable. What will be important is that governments work together to minimize the adverse effects of these measures and to ensure that these actions do not impair the functioning of the world trading system.

Keen competition

Secondly, the tightness of international markets has led to keener competition, particularly in Third World markets which have been growing relatively more quickly. This has involved aggressive innovations in export credit financing, increased mixing of official credits with aid funds to soften the financing terms of various export transactions, increased attention to barter transactions and buy-back provisions and the increased use of export subsidies. Price and quality of goods are not the only determinants of export sales. Financing considerations, particularly for major capital projects, have become crucial. What we are witnessing is a race amongst industrialized countries treasuries who can ill-afford these expenditures. Greater international disciplines must be negotiated. In the meantime, we remain committed to ensuring that Canadian exporters are not placed at a competitive disadvantage.

At the same time as we face these problems of slow growth and greater protectionist

pressures in the industrialized countries and tighter competition in Third World markets, we also find ourselves faced with a massive challenge of industrial renewal. Adjustments to our industrial structures are required because of the massive changes in energy prices of the 1970s, the rapid industrialization of a number of developing countries, inadequate productivity improvement in our own country and outdated capital stock. All of these forces have combined to create enormous pressures for adjustment and yet these come at a time of no or low growth. Few societies have learned to digest and control this sort of economic change well. Even in times of high growth these changes have proven wrenching. In today's economic environment, they often appear intractable.

And so we find ourselves between a rock and a hard place. Failure to adjust now will seriously impair our ability to return to a faster growth track. However, adjustment now risks adding further strain to an already precarious economic situation. Those countries which fail to adjust will find themselves squeezed in international markets and facing increased pressures to protect domestic markets because their firms will not be able to compete in the trading world of the 1980s. On the other hand, a series of national responses to this industrial challenge which does not take place within an adequate international framework risks creating a new series of policy conflicts. International rules and consultative procedures will require strengthening to avoid this possibility.

Against this rather bleak picture of the challenges facing Canada and the world trading system over the next few years, where do some of the answers lie? Twenty years in public life, including eight years as Premier of Nova Scotia, has taught me that one should not look for panaceas, and I have none to present to you tonight. I do firmly believe, however, that there are a number of steps that we can and should take to begin to meet the challenges I have just described and which, if we do meet them successfully, can lead to improved real standards of living for Canadians even in this more competitive environment.

**Steps necessary
to meet the
challenges**

The first thing we need to do is to work together with our trading partners to ensure the strength and stability of the world trading system. I have in mind primarily the General Agreement on Tariffs and Trade (GATT) which, of course, is the linchpin of the world trading system. The GATT will be meeting at ministerial level next month. This will be the first ministerial-level meeting in nine years and it will be important that we, at that meeting, ensure that the GATT continues to be in a position to play its crucial role. This will require a political reaffirmation of our collective commitment to the free trading system.

Beyond that, it will require us to take steps either at that meeting itself or in the period which immediately follows it to ensure that the GATT can withstand the pressures acting up on it. In order to do this, Canada believes it important that we develop a safeguards agreement to regulate effectively restrictive trade actions which

will be necessary from time to time and to ensure that the system treats all trading countries equally. Similarly, we believe that the GATT dispute settlement system must be strengthened in a number of ways to ensure that it can handle trade disputes which are bound to arise, in a dispassionate and adequate manner that enjoys the confidence of our domestic audiences.

While the GATT provides a contractual framework for our trade relations, consultations on trade policy and in particular the interrelationship between trade policy and other policies such as industrial, economic and competition, take place in a variety of fora. Some of the most important of these include the International Monetary Fund, the Organization for Economic Co-operation and Development and the Economic Summits of the seven major industrialized countries. We must make maximum use of these institutions and strengthen their capacity to keep us working together in a coherent and reinforcing manner.

Secondly, we must move beyond strengthening the system to handle existing strains. We must begin to tackle trade problems in areas which to date have remained largely outside of the trade-liberalizing thrust of the postwar era. I think particularly of trade in agriculture and fish products in this regard. We must as well begin to address totally new areas which are coming to play such a major role in our economies, such as trade in services. The theories of comparative advantage and free trade have guided our economies throughout the postwar period and enable us to enjoy the economic success we have achieved. These principles are equally applicable to the newer areas of economic activity.

Integration

Thirdly, we are going to need to be more successful in integrating the newly-industrializing countries into the world trading system. The Hong Kongs and South Korea and Singapore will be joined by a number of other countries which will be keen competitors in an increasingly large range of manufactured goods. Levels of protection and special assistance which they have provided to their domestic industries will no longer be appropriate either internationally or in terms of their own domestic economic development. The system will require that these countries increasingly take on obligations more commensurate with their level of development. At the same time we will need to work to ensure that the system responds to their concerns.

Another key test of the GATT ministerial will be to demonstrate that the GATT can serve their interests as well as those of the industrialized countries. Over time this will also mean that the industrialized countries will need to open their markets even more to the exports of developing countries. Developing-country markets have been dynamic ones for our Western economies and, indeed, have helped to mitigate many of the problems our economies faced in the 1970s. However, a great deal of this trade was financed through borrowing by developing countries. The debt levels reached by a number of these countries are now at the point where they have very limited possibilities for further borrowing. They must be able to export their goods into our markets to earn the necessary foreign exchange if we are to expect them to buy our goods.

**Adjustment
process**

This leads me to my fourth point and it is one which I flagged earlier — that is the question of adjustment. Inflation, energy shocks, shifts in comparative advantage, together with greatly intensified competition on a global scale, call for accelerated adjustment or restructuring in the industrialized nations. The theme of industrial renewal is a very important element in the economic development strategy of this government. It means that in those areas where we can be internationally competitive, we must strive to replenish our capital stock, to enhance our productivity, and to aggressively seek out new markets. Human and capital resources committed to sectors where we cannot compete internationally must be redirected towards more productive uses. While certain restrictive measures may be required from time to time so as to achieve an appropriate pace for this adjustment, we must be careful to avoid being trapped into supporting industries which are incapable of ever standing on their feet with all of the costs which this entails for the rest of our society.

The fifth point, and one that is closely linked to adjustment, is the need to control our costs and to enhance Canadian productivity. Much of the Prime Minister's recent remarks were addressed to this particular point. Simply put, a declining standard of real living for Canadians is the only prospect we face if we fail to bring our costs under control. Inflation must be held down, productivity must be increased and quality must become our goal. At the same time we and other countries must avoid a situation where we look excessively at exports and export growth to drive our economies. We face that danger today and, as I indicated earlier, one sees the result in areas such as export credit financing where competition between treasuries could lead to a situation where we pay other countries to buy our goods. One can regard export subsidies of one kind or another as the obverse of import restrictions. Both distort competition. Both carry an economic cost and both need to be resisted. The international institutional mechanisms to provide rules with respect to export competition, and particularly the link between trade and finance, are not strong nor well developed. We will need to make strenuous efforts to strengthen our co-operation in this area in the 1980s.

**Need for
co-operation
between
government
and industry**

The sixth and last point which I wish to make — and in a sense it returns to the theme which I started with — is the need for a much greater public awareness of the issues involved and strengthened consultations between the government and the private sector. Many of my colleagues have been engaged in extensive consultations with business and labour on the economic problems confronting us. The government has as well been undertaking a review of Canadian trade policy so as to ensure its continuing relevancy in the 1980s. A lot of preliminary work has now been completed and we have as well been consulting with the private sector.

To date, meetings with a variety of interests including business, labour, provinces, consultants and academics, have been held to gain a fuller appreciation of the concerns, sensitivities and priorities of people outside Ottawa. These meetings have proved very constructive and the consultations are continuing.

I cannot emphasize too much the importance of this process. An institute like yours can make an important contribution because of the understanding you have of the international dimensions and realities in which we must operate. There is a tremendous role for you to play in helping to bridge the gap between that international environment and Canadian domestic realities and preoccupations to ensure that our responses to a changing global competitive environment are adequate and timely.

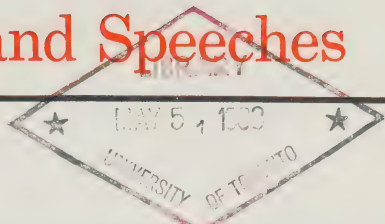
There is no doubt in my mind that Canada has the strength and resiliency to successfully confront this new and difficult period. I look forward to working with you in the future as we face this challenge.

S/C



Statements and Speeches

No. 82/31



CALL FOR MORE SOLID LINKS BETWEEN FRANCE AND CANADA

Speech by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the France-Canada Chamber of Commerce, Paris, November 9, 1982.

Consider the following questions: How should Canada think of Western Europe and France? What should Canada represent for you? It is clear that the links between our two countries are rooted in a past that is replete with moments of glory and in our fraternal affection. But what can we say of our economic, social and cultural links today? Are our continents drawing closer together, or are they drifting away from each other? Is this a decisive time in the relationship between us?

Twice in less than a century our soldiers have died on your battlefields, but we Canadians have been slow to grasp the full meaning of what has been happening in today's Europe. Paradoxically, it has only been with the passing of a generation — the very generation which knew you best — that we have stopped seeing the Old World as being in a state of decline and started looking for Europe in the future rather than in the past. While we are indebted to the French people for New France, and while we are indebted to Europe for the best of our languages, institutions and cultures, we looked to the West in building our country. We have fashioned Canada out of half a continent, open to Asia and the Pacific as well as to the long horizon of the United States. Even if most of our people are of European origin — and even if the 59 000 who in 1759 saw the end of New France have become the six million French-Canadians of today — Europe, while important culturally, was more or less unknown on the economic and theological front.

Let it also be said that perhaps Canada was even further from European minds. However much those who constructed and unified Western Europe tried to be outward looking, their attention was focused on Europe. We were often made to feel that Canada's place in European interests was marginal, and that our interests could not escape the powerful pull exercised by our great neighbour to the south. No doubt, we did not make it sufficiently clear that our efforts to ensure our identity, unity, and independence also served the interests of the larger community of free nations. Because it is better to have a strong, self-confident partner than one that is dependent and unsure of itself.

As for the relations between our two countries, it is even more obvious in retrospect that they have not benefited as much as they should have from the rediscovery by France of a French linguistic and cultural community in Canada. This rediscovery, some 20 years ago, should have drawn us together to pursue our common interests.

On the contrary, it has often been a source of mistrust and disappointment. At the very time when France was rediscovering the French fact in Canada, our nation was searching for greater internal harmony. This rediscovery and searching collided, and when we look at this period today, we can only be surprised and saddened that we did not know how to take better advantage of that period.

By the early Seventies, we had developed political will to expand our trade relations because it was already clear, by and large, that they needed a major push. Was it ignorance, habit, apathy or oversensitivity that caused this will to be frustrated? In any case, it did not suffice merely to give the necessary impetus. So what we must do now is look closely at the obstacles to trade development and industrial co-operation between France and Canada in order to decide whether or not these goals can be met.

**Difficulties
due to
geographic
and historic
contexts**

In my opinion, our past difficulties are due in large part to the geographical and historical context in which our economies developed. Many Canadian and American businesses saw continentalism as the natural economic course. Especially since the Second World War, Canadians and Americans have woven a close network of contacts. We have sought industrial and technological co-operation and the rational division of labour in marketing and production. The advantages of such contacts must be evident to you French who have built a Common Market with your European partners.

While always subject to the pull of our single and giant neighbour, we Canadians have, nonetheless, resisted carrying economic integration in North America to the extent that you have in Europe.

But while we were hoping to establish closer links with Europe — both to offset the weight of our relations with a single partner and to respond to the distinct opportunities offered by your markets — the effect of European intergration has been to give us marginal status. The vast system of trading links that you established favoured trade within the European Community and trade between you and privileged partners such as the European Free Trade Association and the Lomé Group. Canada had no such luck. Moreover, when the United Kingdom joined the European Community in 1972, Canada lost the only preferential access that it had enjoyed to a European market, namely the Commonwealth trading agreements.

It was in this context at the beginning of the Seventies that we Canadians re-emphasized our political desire for closer economic ties with Europe. But that decade saw us compelled to establish new industries, to adapt to energy crises and to survive economic stagnation. We were not able to innovate as we should have. And we were too easily satisfied with a traditional trade with Europe that fluctuated according to circumstances. We neglected to foster those links between men, enterprises — indeed between generations — that had been the foundation of our economic relations with the United States. We gave up when confronted by markets reported to be impregnable. This was a question of determination, no doubt, but it was also one of priorities and

resources. The fact is that the challenges presented by Europe and France in the Seventies have yet to be met.

But the reasons that prompted us to act then are every bit as strong today. The potential for Canada's relations with Europe and France must not be judged by our limited past successes or only by pointing to past constraints. We must base our judgment on a vision of the Canada and France of tomorrow.

Three economies

Canada's economy is breaking out of its traditional mold. In fact, it might be said that three types of economy co-exist in Canada, each complementing or competing with the other. The first, and the best known in Europe, is based on our immense natural resources, the store of which has been remarkably enriched by prospecting during the Seventies. Our policies are not Malthusian, and the future needs of the great industrial economies will lead us to do more to develop our resources. There can be no doubting the potential. Not only can we become a larger supplier of raw materials and finished products for France, but our need for investment, technology and equipment should allow France to play an active role in our development.

Along with this first economy is a large industrial complex that was shaped by our continental context and the historic pattern of our tariffs. This second economy includes industries that are exposed to competition from other parts of the world. In this sector, we share the same problems of adaptation as most other industrialized countries. Like them, we have started the necessary restructuring and modernization, realizing the difficulties that the stagnation of this sector can present for both our partners and ourselves.

But we also have a third economy, a new economy that is undoubtedly little known in France. This is our high technology economy. You will find it already forging ahead in such future-oriented fields as data processing, telecommunications, aeronautics and space. Our presence in the front ranks of international competition is clear evidence of our creativity in these sectors.

With its immense reservoir of resources and its competitive involvement in advanced technology, Canada is perhaps the last frontier of development in the industrialized world. And on this frontier, you will find neither battlefields, nor machines of destruction nor massacres, but stable institutions rooted in tolerance and freedom. This extraordinary potential calls for co-operation between French and Canadian companies. And even if first contacts and co-operative efforts have been made, the real task lies ahead.

I was talking a moment ago about the transformation of the Canadian economy. France itself has undergone a profound process of industrial, technological and social development. Its industry has transcended the narrow confines of our national borders and the traditional trading patterns. France is determined to be present

throughout the globe and our two countries are finally meeting one another in world markets. Naturally we often meet as competitors. But to continue to see each other as competitors and nothing more would be to focus too much on the immediate and to deprive ourselves of the great possibilities opened up by co-operation and association. It would be to cut off our nose to spite our face. Almost too blindly, science is drawing us to the threshold of a new industrial revolution. Like it or not, we are going to have to get used to seeing old habits fall away. The future of relations between us lies in the parallel development of our economies as we move into a new technological era. This process is already under way.

Question of choice

We must pick up the pace. Time slips by ever more quickly and we are coming to a point where Canada must choose its path. There is the option of closer ties with Europe, to which we are drawn by so much tradition and by the achievements of the past decade, however modest they may be. Then there is the appeal of the Pacific horizon and the economic and industrial attractions we have found there. Finally, there is the temptation of North American continentalism, so strongly supported by geography and economic logic.

In fact, it is men and history who have refused to see our continent become a single nation or a single integrated economy, which would assuredly be the greatest, richest and most powerful economy in the world. But faced with the hard choices that will have to be made in the new era, men might have to change their thinking about this option for the future of their continent.

The Canadians of today have rejected it. That they should do so is obviously because of their history and national ideals. Also because this national feeling is based on the premise that Canadians are not only distinctly different from their American neighbours but also have something in common with their European cousins. Our determination to see our French heritage preserved and enriched is part of that self-image of ourselves and gives us a special link with the French-speaking world, notably France.

In speaking a moment ago of Canada's world view, I referred to the attraction of the Pacific countries and the seductive invitation of continentalism. I come back to that to point out that, for Canadians, our shared cultural and linguistic community with Europe is a strong pull in the other direction. Yet, despite the strength of this attraction, we must not exaggerate its effect. In particular, let us not count on language to do our business for us. Language in itself is not a vehicle of trade or of industrial and economic relations. If Canadians needed any proof that in the business world, a common culture is not enough to accomplish this function, we have but to compare the growth of our trading and industrial relations with Japan and Korea to our relatively meagre trade with France — close family connections notwithstanding.

The challenge of commercial and economic relations between France and Canada is quite simply one of will and imagination. That is why I call on you as businessmen and industrial leaders. Because governments will really only be able to give that extra political push to projects when you yourselves get them going in the first place by establishing contacts and lasting — not occasional — co-operation.

**Time to act
is now**

Now is the time to act: now, when the state of the world forces us to look at ourselves and reflect on the future; now, when the Canadian and French governments both seek closer links; now, when the United States is pausing to catch its breath.

The best minds have understood that it is in the interest of Europe that the internal balance of North America be maintained. They know that Canada can open America to France. This is why the future of Canada cannot be a matter of indifference for Europe or France.

In the seventeenth and eighteenth centuries, America entered the European consciousness as the fabled promised land. From Rousseau's noble savage to Châteaubriand's Atala, the New World seemed like the rediscovery of paradise on earth. When I call for more solid links between Canada and Europe, when I say that it is time to start a new chapter in the story of loyalty, affection and daring shared by Canada and France, I am not trying to create another mythology.

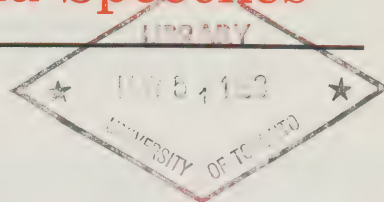
The time of myths has come and gone. Today we face a harsh reality. But beyond this reality is the future, and it is up to us to shape it to our own advantage. I count on French and Canadian businessmen in the coming years to undertake together economic ventures that will rival in boldness and imagination the greatest exploits in the common history of our two countries.

Ladies and gentlemen, France and Canada are counting on you.



Statements and Speeches

No. 82/32



CANADA AND LA FRANCOPHONIE

Speech by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the Agency for Cultural and Technical Co-operation, Paris, November 10, 1982.

For over half a century there has been in the minds of men and women of good will among the peoples represented here a noble vision of all the world's francophone countries working together on behalf of peace and the welfare of humanity. They have envisaged a privileged form of co-operation among those groups in the world whose language is French. They have envisaged the formation of closer ties based on and furthered by this bond of language, and guided toward objectives of development and progress.

Fortunately for us, this worthy ambition has been carried beyond the visionary stage. Over the years, men and women of action have arisen and have shared it with a growing number of their contemporaries. Their enthusiasm was first ignited among some professional and scientific groups, after which it spread to the institutions of higher learning and finally to the echelons of parliament and government.

The Agency for Cultural and Technical Co-operation, under whose auspices we are assembled today, is the latest incarnation and one of the essential elements of this same idea, which is now known as La Francophonie internationale.

I readily accepted your invitation because the French language, which is spoken by some six million Canadians almost throughout Canada, is an integral part of Canadian life, and because internationally, the Agency is a major instrument of Canada's francophone policy.

La Francophonie internationale

I now wish to talk to you about the general theme of La Francophonie internationale — its nature, its mission and its dimensions, about the work that has been started and that which remains to be done. I will then go on to discuss how we Canadians perceive the Agency's role in carrying out this great project that is so near to our hearts.

In the opening session of your first ordinary conference, held in Canada in 1971, I unequivocally stated that La Francophonie was a thing of the future, not of the past. Today my viewpoint has remained unchanged. The pioneers of our great project were motivated not by nostalgia, but by a vision. We would do them a great injustice if we were to dwell on the past, either by condemning it or by wishing we could turn back the clock.

But it would be an even worse injustice if we were to reduce the scope of a project

that from its origins embraced all the francophone communities throughout the world and all the countries in which they were found, regardless of whether they were entirely or partly French-speaking, provided that French played an important role in them. In this respect we are near the goal. Despite a few setbacks in our efforts to bring everybody together, despite some unfavourable circumstances and some misconceptions that are still preventing some francophone countries from joining us, we must not lose sight of our initial objective of universality. From a historical viewpoint, the setbacks that we have suffered so far are negligible. We are still at the very beginning of the adventure. Reality has its constraints that cannot be ignored, but I am sure that time will become our ally, provided that our will and our resolution remain equal to our design. What we are building is not a scale model; we want the real thing.

Two basic realities

We will also remain faithful to the concepts of unity and diversity inspired by the originators of this project. They have to do with two basic realities — the community of language on the one hand, and the extreme diversity that characterizes all the francophone countries on the other. La Francophonie internationale transcends regional, ideological, ethnic, religious, cultural and economic barriers; it is represented on many continents; it exists apart from all the groupings of states that so strongly characterize the international scene today. We do not need to complain about this, nor to act as if these differences did not exist between us, or even less to launch into some absurd endeavour to make us all the same. On the contrary, we are aware of the richness that lies within this diversity. In it we see a challenge that we accept with enthusiasm, convinced that in working to meet it, we shall release useful energy which today is held captive by ignorance and distrust, and we shall find treasures we did not know existed.

Our ambition is to initiate a free dialogue between partners who are quite different from one another but who are all equal as individuals, and to set up direct exchanges without intermediaries — not even interpreters — between non-aligned and aligned states, between former colonial powers and former colonies, between representatives of very diverse cultures with their beginnings, centuries apart from one another, between nations in Africa, Europe, America and Asia, between members of the Arab League and members of the North Atlantic Treaty Organization, and between developing countries and industrial countries.

A unique entity

In the divided world in which we live, this ambition alone should be sufficient to mobilize those of us who wish to bring people together. We cannot remain indifferent to anything that contributes to unity or that builds bridges between peoples. Although much ground must still be covered, the francophone community is a unique entity and an eminently favourable influence which can bring about the cohesiveness we are all seeking and the co-operation that must exist if there is to be harmony among nations. Founded on undeniable natural affinities, on mutual respect and negotiation, the francophone community is not an intruder amidst the institutions that have

preceded it. It is a member of regional organizations and of the United Nations, but it does not duplicate the work of any. It has a position and characteristics of its own; it is important for the world that it exist, that it develop and that it expand.

Like all the other groups that I have referred to, the francophone community must also find its way in the world as it exists, without side-stepping any of the problems that it poses.

North-South issues are inevitably involved in the relationships between francophone countries. If there exists a natural solidarity between us, and we feel that there is, it must be channeled into a sustained effort to help those that are deprived through common action to promote a more equitable and more humane international economic order. There can be no solidarity without mutual assistance and no brotherhood without a desire to do away with the inequalities that divide us. To neglect this essential aspect of daily reality would be to divest the very concept of La Francophonie internationale of all its significance.

Some will feel that such a statement is imprudent, in view of the present economic crisis that is aggravating the problems of the poor countries and hindering the industrialized countries in their efforts at international co-operation. But the crisis is no excuse for inaction. On the contrary, it underscores the interdependence that unites us and the urgent need for a common effort, because it brings out the powerlessness of the North and of the South to overcome without each other the economic stagnation that is paralyzing both.

Common undertaking

Finally, within the concept of La Francophonie that we envisage, all the major international questions should be approached at the highest level. Let the only condition be that the francophone community one day provide its full, original and important contribution to solving the world's problems, be they problems of war and peace, East-West or North-South relations, temporary crises, long-term planning, or collective security and disarmament.

Here again, we should not restrict our ambitions or our activities to a few arbitrarily chosen sectors. For the time being, we are putting up with the limitations that reality imposes, but we still feel that regular multilateral consultations open to all sovereign francophone countries and embracing international problems as a whole will soon be seen to be the necessary political completion of our common undertaking.

What would the purpose of bringing together our artists, our technicians, our academics and our scientists unless the political leaders of the francophone countries were assembled at the top level to complete the structure? In La Francophonie internationale there must be a place where various viewpoints can intersect and from which the common political desire of the participating countries can radiate. Without this, there would be continued complaints about a lack of political leadership because

no organ of self-determination and self-expression could be created.

Is our vision too broad when we say that La Francophonie must be complete in every respect and must reach its full potential as an influence on the world scene? I don't think so. In any case, we are following in the footsteps of the Senghors and the Bourguibas. And this is a response to the recent invitation of President Mitterrand, who in Rwanda said: "I would be very pleased if you introduced me as an architect of La Francophonie." France, which has always been present in our midst, is not accustomed to withdrawing from a challenge, even a formidable one, although it might take little interest in something mediocre.

Achievements

But let us now change our tone from one of speculation about the future to a consideration of the present reality, from grandiose projects to some very concrete achievements, that have already occurred. In the vast but specific area that its founders assigned to it, the Agency has been working for 12 years. I first want to consider how far we have come and to congratulate all those who have contributed to the important work of cultural and technical co-operation over these 12 years. From experience I can say that when you're involved in something, it is not easy to objectively gauge successes and failures, progress and setbacks. When all you have ahead of you is the goal and it seems to be getting farther and farther away, you run the risk of minimizing what you have already accomplished and of seeing as insurmountable the obstacles that crop up in the path ahead.

When viewed from the outside, it is clear that the Agency has come a long way. It has become an important place of assembly and reflection. It has given a start to many new projects. It has often spearheaded urgent activities in teaching and other fields, among countries requiring assistance. It has been responsible for establishing thousands of contacts among the young people of its member countries and has contributed toward their education. Through it hundreds of young and not so young people have become involved in specific international co-operation activities. It is not afraid to ask questions about itself and its role. This is a sign of health and is the best protection against stagnation.

Does the Agency receive criticism? Probably. But today what international organization is immune to the skepticism of the restless age in which we live? It is typical of our time that all the multilateral institutions are subject to the most bitter criticism. Perhaps it is paradoxically because the need for them has never been more obvious and because people expect them to do the impossible.

When questions are asked about the Agency, as one might expect after ten years of operation, it is the duty of all its member states and participating or associate governments to reply. I shall attempt to do so here in all modesty and with good will.

First of all, considering its role, I will make a few observations that I hope will be useful.

Am I going to talk about the debate that we are hearing rumours about, between those who would like to emphasize only the cultural aspect, and others who would bypass the cultural and concentrate only on the technical? No. I do not feel that this is a valid issue. From the very beginning of the Agency, we have always considered these two functions to be complementary, and I personally would take exception to pitting one against the other. I even find it futile to try to say which half of this twofold mandate is more important than the other. It is obvious that in practice, no cultural undertaking is conceivable today without the technical facilities required to support it. Likewise any activity in the technical field that is severed from its cultural inspiration would be senseless.

The Cotonou conference, held under the auspices of the Agency from October 28 to 30 last, and the UNESCO conference held last summer in Mexico, both concluded that culture is a fundamental aspect of the developmental process. It was even suggested that cultural identity might constitute the motive and the primary mobilizing force of all initiatives taken within human societies. No closer relationship could be established between the cultural and the technical.

Agency goals

Having said this, what objectives do we feel the Agency should concentrate its activities on in the coming years?

There is one need that is self-evident and that is already being pursued by the Agency. I am referring to cultural promotion. Let me be more specific: given the extreme diversity of the international francophone community, there is a need to promote all the cultures that coexist within it, whether they use French or some other language as their mode of expression.

The international language common to us is a valuable instrument that is so flexible yet so precise that it opens the way for all kinds of inter-cultural exchanges, be they literary, scientific or philosophical. It also gives us hope for the day when all the world's francophones will be conscious of belonging not only to a given people or a given country, but to a vast and prestigious fraternal community whose resources they share.

It is obvious that our francophone communities, many of which still exist in relative isolation, have a pressing need to communicate with one another, to put an end to their solitude, to pool their resources, to receive and to give. It is equally obvious that every form of cultural progress takes its sustenance from contacts and comparisons, and from confrontations too. Finally, it is a fact that the free circulation of ideas, of cultural property, of persons, of artists and of scientists is a condition essential to the success of any such undertaking.

Canada pledges help

It is with this view that Canada is prepared to make available to its partners in La Francophonie the considerable knowledge, experience and technical resources that

it has acquired through its vocation as a bilingual country. Wishing to serve with fairness its French-speaking population in Quebec and outside it, and to harmoniously blend North American culture and the French language, Canada realizes that it is in a privileged position to help other multicultural countries to adapt the French language to suit their needs. But it is the Agency that must plot an original course suited to La Francophonie in this area.

This cannot be accomplished overnight. It is a work that will require much patience and reflexion. It cannot be improvised. It will require extensive consultation, careful identification of the needs, an order of priorities, and goals limited in number but attainable in their entirety with the means available to us. Nothing would be achieved by a helter-skelter approach. But this is unfortunately a danger that threatens all cultural undertakings, given the immense scope of the field itself.

Under- development

The second objective that I wish to discuss is the immense area of underdevelopment in all its forms, including cultural underdevelopment. Combating underdevelopment involves so much and the needs are so great that the Agency will find no difficulty finding a place for this cause, provided that it very carefully determines in advance the role that it can play.

You might ask yourselves, for example, whether you should concentrate on the use of computerization, through which so many pressing needs can be met and which is a factor in all areas of development, including cultural enrichment. Or should the emphasis be on the field of information?

Under the present circumstances and for some time to come, it is obvious that the Agency will not have the resources that the large organizations now working within the international community have. However, it could rank with any of them in terms of quality, efficiency and adaptation of activities to specific needs. This is the objective that I propose.

Imaginativeness, innovation and a careful approach can compensate for modest resources. This seems to be the route that we should take. It is not an easy one, but it has the great advantage of being within our reach.

Committee of five

From this point of view, the idea of a committee of eminent men, which your Secretary-General and I discussed in Canada, seems to be highly appropriate. Now that it has completed its first decade, it is fitting that an organization like ours should concern itself with getting its second wind, taking a look beyond its daily activities and mustering its forces before launching into a new phase. The input from the studies and recommendations of a few individuals selected for this purpose might be very useful.

If I may be permitted to think aloud, I would say, speaking only for myself, that

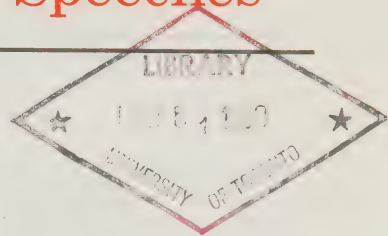
this committee should consist of five outstanding men whose dedication to La Francophonie would be proven beyond question by a distinguished record of services rendered in the upper echelons of their respective countries and on the international scene. Their immediate task would be to think of ways in which to provide conditions for the Agency's full development. But it would be advisable, I feel, to ask them to consider La Francophonie internationale as such, in order to better situate the role of the Agency within it. This might shed new light on the Agency's objectives and might help to achieve them, thus giving La Francophonie its full and universal dimension.

The Agency for Cultural and Technical Co-operation is the cornerstone of the structure we wish to build for La Francophonie. It is important to us all that it perform its role in an exemplary way, that its activities in the fields of key importance in which it is involved inspire the architects and craftsmen working on other parts of the project. For it is a vast project that we are dealing with. And all who have a part in it must prove collectively that the originators of La Francophonie were right in setting their sights high.



Statements and Speeches

No. 82/33



ARMS CONTROL AND DISARMAMENT THE MOST URGENT ISSUE OF OUR TIMES

Statement by Mr. J. Alan Beesley, Ambassador for Disarmament, in the First Committee Debates on Disarmament of the Thirty-Seventh Session of the United Nations General Assembly, New York, November 3, 1982

...The most pressing issue of our times is arms control and disarmament. It is at once the most serious, the most controversial and the most urgent. The amount of activity in this field, amongst nations, and across a broad range of public opinion has been a major theme of this year. One can point to other years when agreements were concluded, signed and ratified. While 1982 has not been such a year, it nevertheless represents a critical juncture in the arms control and disarmament process.

When this committee convened a year ago, there were no negotiations on nuclear weapons. This past year has seen the resumption of the crucially important talks between the United States and the Soviet Union on strategic arms limitation and reduction, as well as the earlier beginning of the related talks on intermediate range nuclear forces. It may be that our survival will depend on the outcome of these talks; our interest in their success is fundamental and, indeed, progress in talks on nuclear issues is in the interests of all, because all will be affected by their results and not only the parties directly concerned. Not surprisingly, the Canadian Deputy Prime Minister and Secretary of State for External Affairs, the Honourable Allan J. MacEachen, emphasized in his address to the General Assembly on September 27, that Canada strongly supports these negotiations.

I should like now to turn to a number of issues on our agenda.

Nuclear matters

Nuclear test ban: At the second Special Session on Disarmament [UNSSOD II], Prime Minister Trudeau reaffirmed Canada's commitment to the achievement of a comprehensive test ban treaty as one of the elements in a coherent strategy for curbing the nuclear arms race, a "strategy of suffocation". In the multilateral negotiating body in Geneva, the establishment of a nuclear test ban working group is significant. We regret that it was not possible to agree on a work program for this group, but are confident that, despite the difficulties, work will proceed on real measures to verify an eventual test ban treaty.

We note the contribution of the Soviet Union in presenting a text on the outline of a test ban treaty. At the same time, we note that the Soviet proposal contains a number of elements which cause us concern. The question of a moratorium is one such element. Would a moratorium on testing simply be tantamount to agreeing to a treaty

without ensuring that the necessary mechanisms for its enforcement were in place? We believe it would. Would such a development be in the interests of all parties to any such agreement? We strongly believe it would not. Also troubling is the reference to peaceful nuclear explosions. From a scientific and technical point of view it is undeniable that there is no distinction between peaceful and weapons related nuclear explosions. Thus, we will have to look very closely at any wording that suggests otherwise.

Seismic verification: Canada will continue to play an active role in resolving questions related to seismic verification of a test ban agreement. The discussions in Geneva on an international seismic data exchange, we believe, have shown the potential of enabling participating states to ascertain satisfactorily compliance with a test ban treaty on the part of other states. Indeed, we believe that the exchange could — and should — be fully operational at an early date and in advance of the treaty itself.

Approaches to nuclear issues: At the second Special Session, Prime Minister Trudeau proposed a policy of stabilization which, he said, had two complementary components — the suffocation strategy which seeks to inhibit the development of new weapons systems, and our negotiating approach aimed at qualitative and quantitative reductions in nuclear arsenals designed to achieve a stable nuclear balance at lower levels.

This is what we mean by “freeze”: the halt of the technological momentum of the arms race should be accomplished by freezing at the initial or testing stage of the development of new weapons systems and the number of nuclear arms should be frozen at lower levels. Here it is necessary to make two points. This approach cannot be applied unilaterally: it envisages concrete negotiations between nuclear powers. Second, we note that a number of other kinds of proposal for freeze have already been put forward. Many suffer from the same fundamental flaw: not being verifiable, they do not contribute to creating the conditions of stability we all seek.

Chemical weapons

Chemical weapons convention: For the third year, the Chemical Weapons Working Group of the Committee on Disarmament has registered encouraging progress. Several working papers were tabled. While this difficult subject requires further work, we consider that conditions are right to move forward on the negotiation of a convention on the prohibition of the development, production and stockpiling of chemical weapons and the destruction of existing stocks. While we do not underestimate the technical difficulties still before us, we are encouraged by the contributions made by all in the committee and, indeed, by a number outside of it.

Use of chemical weapons: The past year has seen the continuation of the investigation of the reports of the use of chemical weapons which this committee launched two years ago. Canada has sought to contribute to the work of the Experts Group by submitting three reports, including an independent study on mycotoxins in certain

regions in Southeast Asia. We trust that the report of the Experts Group will contribute to the development of procedures by which confidence can be developed and maintained in existing agreements, thereby contributing to the conclusion of future agreements.

Outer space

Another positive development in the Committee on Disarmament was, for the first time, its consideration of the subject of arms control related to outer space. As a contribution to the task of defining the issues, Canada tabled a working paper. In this committee during the past two years and at the second Special Session on Disarmament, we have drawn attention to the urgency of addressing the development of new weaponry for use in outer space as well as the inadequacies of the Outer Space Treaty of 1967. Quite apart from the inherent danger that arms competition could bring, there is the additional danger that such a competition could be destabilizing....

I have been necessarily selective in illustrating the range of concerns that are before the international community. There has been a number of significant developments in 1982. These I have discussed. I have not discussed, but would nonetheless like to draw attention to, the United Nations study on conventional disarmament. Bearing in mind that at least 80 per cent of the world's military expenditures are on conventional arms, this is also a subject of fundamental importance to us all.

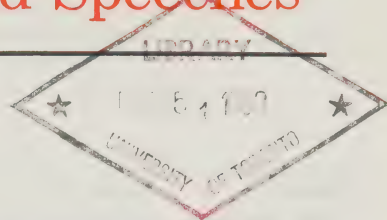
UNSSOD II

I would like to conclude by referring to the second Special Session on Disarmament. Many have already commented on the results of UNSSOD II. Many have expressed their disappointment at the outcome. Yet, the second Special Session has shown the central role and importance of the United Nations in the international dialogue on arms control and international security matters. This dialogue has been maintained and, through the world disarmament campaign, will more than ever involve international public opinion. At UNSSOD II, the consensus of the international community was renewed that the objectives set down at the first Special Session for the continuation of the arms control and disarmament process had bridged not only the divisions between East and West, but also divisions between North and South. The preservation of consensus on our commonly shared goals, I believe, was a major accomplishment. We might, therefore, look to the future, certainly with a good measure of sobriety, but also with confidence that we can move toward the accomplishment of a number of essential tasks before us.



Statements and Speeches

No. 83/1



MUTUAL SECURITY: NEGOTIATIONS IN 1983

Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Committee on Disarmament, Geneva, February 1, 1983

May I first extend to you, Mr. Chairman, my congratulations on assuming the chair for the first month of this year's session of the Committee on Disarmament. I should also like to extend to Ambassador Garcia Robles my congratulations on his receiving the Nobel Peace Prize. The Peace Prize is much more than a personal honour; it is a symbol of the devotion to peace that must be at the heart of our collective work.

I recall the message of the late Lester B. Pearson, a friend and Cabinet colleague of mine, when he accepted the Nobel Peace Prize in 1957. He said that, in the nuclear age, nations face a choice between peace and extinction. In the 25 years since then, nuclear war has been avoided, but at the cost of an awesome build-up of nuclear arms. The horrible instruments of destruction, so terrifying in the 1950s, have been replaced by new and more deadly successors. The threat of a sudden, total collapse into nuclear suicide has been overlaid with an equally chilling prospect of suicide by stages, of nuclear war that could never be "won".

Reviving the
momentum of
negotiations

The government of Canada believes that 1983 must be a crucial year in reviving the momentum of arms control and disarmament negotiations.

Just a little over a year ago there were no negotiations on nuclear weapons. Since then, the United States and the Soviet Union have begun negotiations on intermediate-range nuclear forces (INF) and, more recently, have resumed talks on strategic nuclear arms (START). The emphasis not just on limitations but on reductions is most welcome.

Recently, there have been signs that the negotiating process is beginning to work. The leaders of both super-powers have publicly reaffirmed their commitment to serious negotiations. Proposals have been made by both sides, some of which have been vigorously promoted in public. A greater sense of urgency appears to be developing. In the meantime, both super-powers continue to agree informally to abide by the main provisions of the SALT agreements.

This is not the forum for those negotiations, though we all realize that unless concrete progress is achieved in those talks, our collective fate will be at risk no matter how much may be achieved in this forum. What we can draw from past experience is a fundamental conclusion that must apply if arms control and disarmament negotiations — bilateral or multilateral — are to succeed.

**Increase
mutual security**

An increase in mutual security is the only sound basis for effective arms control and disarmament. As Prime Minister Trudeau stressed at the second UN Special Session on Disarmament, security in today's world cannot be achieved on a purely national basis. Attempts by one side to make gains at the expense of the security of the other ultimately will not work. Security is a matter of weaponry but also of perception and confidence. Action by one side which is perceived by the other to be threatening creates or widens a gulf of suspicion. Action produces reaction, and in the end neither side achieves a long-term gain. Both suffer from the effort and the political relationship is poisoned. Arms control negotiations offer an escape from this danger only if the parties accept as their fundamental objective increased mutual security rather than unilateral advantage. It follows from this that an attempt by any power to develop a policy which assumes that nuclear war can be winnable contributes to mutual insecurity.

While this may be a home truth, it is directly relevant to the current situation. The origins and evolution of the INF talks illustrate the point.

**SS-20 deployment and the
"two-track"
decision**

In 1977, the Soviet Union began to deploy the SS-20 missile. The North Atlantic alliance was understandably concerned by this new threat to the territory of several European member states. Moreover the Soviet Union and the United States were at that time working towards codification of a balance in intercontinental nuclear weapons.

Thus, in December 1979, North Atlantic Treaty Organization (NATO) members, including Canada, took what has become known as the "two-track" decision. We agreed to deploy *Pershing II* missiles and ground-launched cruise missiles, beginning in late 1983. Canada has since been asked to help test the cruise missile guidance system. Second, NATO proposed negotiations between the Soviet Union and the United States to limit land-based intermediate-range missile systems on both sides. So began the dynamic leading to the INF talks.

Since 1979, progress has been made, but much too slowly. The Soviet Union was sharply critical of the NATO decision to deploy new intermediate-range missiles in response to the SS-20 missiles, and initially was reluctant to take part in negotiations. Subsequently, the Soviet Union agreed to preliminary discussions in the autumn of 1980. Formal negotiations began in November 1981.

The period since November 1981 has been marked by exchanges of concrete proposals. The negotiations have been conducted seriously and have made some progress. Given the underlying need to take into account the legitimate security concerns of both sides, NATO ministers have agreed that this requirement could best be met through the elimination of all existing Soviet and planned United States' missiles in this class. We have also confirmed our earlier decision to begin deploying the missiles at the end of 1983, unless there were concrete results from the negotiations. We are

willing to give full consideration to any serious Soviet proposals that would enhance the chances for effective and verifiable agreements.

Recently, the Soviet Union made a proposal concerning possible reductions of intermediate-range nuclear weapons. While the proposal is unacceptable in many respects, it appears to recognize that NATO governments have a legitimate concern about the number of SS-20s aimed at their European member states, and that a reduction is necessary.

This in itself is progress. However, it is not yet clear both sides have accepted that mutual security must be the basis of the negotiations. That is why 1983 is crucial.

Canada and the INF negotiations

Canada has a large stake in the INF negotiations. We intend to press vigorously the following basic approach:

- Canada places its full weight behind the negotiations. We strongly support a negotiated solution that will make deployment of the missiles in Europe unnecessary.
- Likewise, in the absence of concrete results in the negotiations, Canada considers that there is no viable alternative to deployment of the missiles.
- Every serious proposal must be seriously examined. By the same token, propaganda ploys must not be permitted to undermine serious negotiations.
- Statements aimed at public opinion cannot be a substitute for genuine willingness to reach an agreement.
- Increased mutual security must be accepted as the fundamental consideration in the negotiating process.

Despite the obstacles, the Canadian government is convinced that these negotiations can demonstrate in 1983 that the arms control and disarmament process can be made to work.

A year of opportunity

1983 is also a year of opportunity for the Committee on Disarmament. Public concern about the issues is high. The need for early action is clear, and mutual security is also the foundation for our work here.

I see encouraging signs in this Committee since I was first responsible for Canadian foreign policy some seven years ago.

The presence now of China and France along with the other three nuclear weapon states is the most striking and hopeful development.

The growth in size of this negotiating body, while at first glance sobering, is also encouraging. More widespread representation from all parts of the world in a body devoted to arms control and disarmament is a positive development despite the complications this inevitably introduces for a negotiating forum. Governments in all regions have a direct interest — and a corresponding responsibility — in contributing to the global quest for a more secure world.

Working groups have been established on certain key subjects. The increasing participation of technical experts is another significant development.

These have been positive steps, but we must demonstrate to the world that this is a serious negotiating body which can produce concrete results.

How can we ensure that the real work of negotiation is pressed with vigour? The negotiating table is full of proposals, but they must be translated into agreements. The recent Prague Declaration referred to the work of this Committee in an extended way. As I said in Ottawa last week, any aspects of these proposals which would lead to progress towards concrete and verifiable arms control and disarmament agreements will receive our support. I want to single out particular issues on which Canada believes progress should be made in 1983.

Comprehensive nuclear test ban

The pursuit of a comprehensive nuclear test ban is a fundamental nuclear issue before this Committee. We were pleased by the establishment last year of a working group in the Committee on a nuclear test ban, but we were disappointed that, having waited so long for consensus, the Committee did not move quickly to begin substantive work. I urge that this new working group begin to discharge its mandate as a matter of urgency in 1983.

Another promising avenue is the *ad hoc* group of seismic experts. Since its inception in 1976, it has been developing an international seismic data exchange system which will be an international verification mechanism forming part of the provisions of an eventual comprehensive nuclear test ban treaty. At the second UN Special Session on Disarmament last year, Prime Minister Trudeau called for it to become fully operational at an early date and in advance of a treaty. Canada has committed resources to enable us to become a full participant in the exchange. We are convinced that the early entry into operation of the data exchange would be an effective way to make progress towards the objective of a comprehensive test ban.

This step-by-step approach can ensure that key elements of a treaty are in place even before the final political commitment to a comprehensive nuclear test ban treaty. This process can develop a momentum toward the conclusion of a treaty and can be complementary to the necessary negotiations among nuclear weapon states.

I take this opportunity of drawing to the attention of this Committee an equally high

Canadian priority for 1983, the prevention of the further spread of nuclear weapons through the evolution of an effective non-proliferation régime based on the Non-Proliferation Treaty. The NPT emphasizes the non-discriminatory transfer of peaceful nuclear technology. It also provides for the de-escalation of the arms race on the part of nuclear weapon states and for the rapid and effective movement towards disarmament. More states have adhered to the Non-Proliferation Treaty. However, such voluntary renunciation has not been matched by corresponding action by the nuclear weapon states to halt the build-up of nuclear weapons. Only tangible moves by the super-powers will demonstrate the sincerity of their commitment to non-proliferation. Those of us with nuclear technology and those without must seek to persuade the nuclear weapon states to live up to their bargain to which they are committed by the Non-Proliferation Treaty.

Canada is prepared to seek international consensus on the development of principles which would result in a more universal and effective approach to non-proliferation. Such principles should include a formal renunciation of nuclear explosive devices and an agreement to permit the safeguarding of all nuclear activities throughout the entire range of the nuclear fuel cycle. This is fundamental to the creation of a stable and permanent non-proliferation régime. Under such conditions, bilateral nuclear commitments could then be subsumed into a truly equitable and responsible international order.

I suggest that the time has come for genuine movement towards the realization of these objectives.

Arms control and disarmament also must extend to non-nuclear weapon systems, some of which are as potentially horrifying as nuclear weapons.

Chemical weapons treaty

The time is right for progress this year towards a treaty on the prohibition of the development, production and stockpiling of chemical weapons and the destruction of existing stocks. We intend to participate vigorously along with others in seeking to realize the maximum from the present opportunity.

Continuing Canadian research on defensive measures enables us to put forward suggestions on such aspects as the verification provisions of a treaty banning chemical weapons. Canada has contributed working papers. We have allocated funds to enable Canadian technical experts to participate here in Geneva for longer periods beginning with the 1983 session. Expertise from many countries, including non-members, has been brought to bear in this Committee on the complex issues involved. The achievements of the working Group on Chemical Weapons again illustrate that work in this body can complement bilateral negotiations.

Outer space

Another area for progress is the subject of weapons for use in outer space. This issue has been described as the first arms control problem of the twenty-first century. I

urge the Committee to begin as soon as possible its essential task of defining legal and other issues necessary to build upon the outer space legal régime. Canada contributed to this objective in a working paper tabled here last summer. Verification is likely to loom large, as it does for a nuclear test ban and a chemical weapons ban. The expanding program of verification research in Canada will seek to identify possible solutions. We intend to participate actively in this work. It is the view of my government that it is time to establish a working group on this subject.

**Canadian
priorities**

I have focused on four important issues, four Canadian priorities for 1983, on which I wished to put Canada's position strongly:

- Canada will press for progress toward the objective of a comprehensive nuclear test ban;
- Canada will press for a more effective non-proliferation régime;
- Canada will press for a convention to prohibit chemical weapons;
- Canada will press for progress towards the objective of prohibiting all weapons for use in outer space.

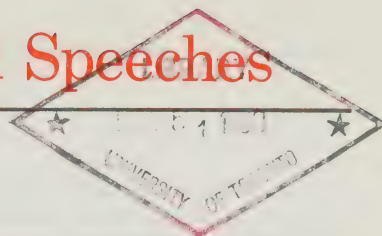
These are issues where there are prospects for genuine progress and where progress can make a direct contribution to mutual security.

Recent years have not been propitious for negotiations on arms control and disarmament. Yet the process has continued and is again beginning to show hopeful signs. Public statements by world leaders have underlined that the arms spiral is a major world-wide danger and that the negotiation of arms control and disarmament agreements is vital. There is room for optimism if arms control and disarmament negotiations are based on realism. Mutual security is our common goal.



Statements and Speeches

No. 83/2



CANADIAN RELATIONS WITH THE COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

Statement by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Standing Senate Committee on Foreign Affairs, Ottawa, February 17, 1983

...The first major interest I should like to comment on is peace and security. This has pre-occupied us in our view of the Middle East throughout the postwar period, at times to the virtual exclusion of other interests. As a western country we certainly have had a stake in that area's stability, as the Middle East is adjacent to the North Atlantic Treaty Organization (NATO) area and is at the meeting point of three continents with the risk of super-power confrontation.

The Arab-Israeli dispute is not the only intractable and dangerous problem. The war between Iran and Iraq continues to threaten regional stability and the supply of oil through the strait of Hormuz. Despite the enormous costs of that war to the disputants, it is fortunate that the conflict has not spread throughout the Persian Gulf and beyond. Canada has supported international mediation efforts to end the war and, in order not to exacerbate the situation, has not supplied arms to either side. Other conflicts and threats of conflict persist in undermining regional security and in impeding development: e.g. the Western Sahara, and major differences among a number of individual countries.

In response to peace and security problems in the area, Canada has made a major UN peacekeeping contribution over the years, both in developing the peacekeeping system and in providing forces and observers. About 250 Canadians are serving with the United Nations Disengagement Observer Force (UNDOF) on the Golan Heights and the United Nations Truce Supervision Organization in Palestine (UNTSO) which has observers in Israel and neighbouring Arab countries, including Lebanon.

Trade

The importance and growth of trade over the past few years warrant emphasis. The area provided a market in 1981 for \$2 billion in goods, plus some hundreds of millions of dollars in services, up close to 50 per cent over the 1980 figures. Figures for 1982 when available should show continued growth. Many countries shared in this trade, but Algeria, Saudia Arabia, Iraq, Egypt, Libya and Israel should be especially mentioned. Some of our exports are particularly attractive as they comprise high-technology products or other manufactured goods and services. The Middle East and North Africa still represent one of the best potential markets and one that we must take advantage of. Trade can usefully be reinforced by co-operation in other fields, e.g. education, which helps form future decision-makers who know Canada;

cultural exchanges including those which take advantage of our Francophonie character; technological exchanges; high-level political dialogue; and development programs.

Energy, investments, development aid

Energy is an area of obvious importance. Imports from the Middle East last year ran at about 64 000 barrels a day, 23 per cent of total imports. All these imports have been through the major oil companies; we do not have supply agreements or barter arrangements with individual countries. The countries of the Middle East are key players in the Organization of Petroleum Exporting Countries (OPEC) and their influence over the international price of oil has implications for our own energy program and the international economic system. Canadian policy on nuclear proliferation has limited the extent of co-operation with countries in the Middle East and North Africa, as some countries have not signed the non-proliferation treaty and some are in conflict situations. The only country with which we so far have an agreement is Egypt and co-operation is in its first stages. Experts will be meeting in Cairo next week to discuss a range of questions, including the CANDU technology.

Investments from the surplus countries of the Gulf have been growing rapidly and involve several billion dollars. Some investments are purchases of federal and provincial bonds by the monetary authorities of the governments with financial surpluses of the region, but most are through private banking channels. It is Canadian policy to welcome investments of significant benefit and we have facilitated such investments.

Development aid is an important dimension of our relations with countries in the Middle East. Aid disbursements to countries in the region in 1981 totalled about \$46 million, including the United Nations Relief and Works Agency (UNRWA). Canada has played an active role in the development effort in the Maghreb since the Sixties and has implemented a major aid program in Egypt since 1976. In recent years we have also provided a certain amount of development assistance to Sudan, and also, on a still more modest scale, to Lebanon, Jordan and North and South Yemen, as well as to two other Arab League members on the fringes of the area you are studying, Mauritania and Somalia. Certain projects in the occupied territories by non-governmental organizations (NGOs) are also supported by the Canadian International Development Agency (CIDA). A growing feature of aid activity is co-operation with various Arab development funds with which we are co-financing 35 projects throughout the developing world. We have also co-operated with Israel in a project in the Dominican Republic.

Ethnic ties, immigration, education

The interaction of people is a difficult-to-define but important field. Canadians individually and collectively are greatly aided in developing relations with the region by the linguistic duality and the cultural and religious diversity of our country. For example, we share membership in the international French-speaking community with three states of the area: Tunisia, Morocco and Lebanon, and there are several others where French is much used. There are strong adherents in Canada of all three of the great

religions which have their spiritual centres in the Middle East. The several Canadian ethnic communities with links to the Middle East and North Africa are intensely interested in the evolution of events in the region. We should be able to build on these varied ties with the area.

Immigration has been significant from some countries but has not been large in comparison to most other regions of the world. Tourism from Canada is extensive to the holy places and to archaeological sites and is growing to holiday locations in North Africa. An increasing number of Canadians are working and living in the Middle East and North Africa.

Education co-operation seems on the point of takeoff with several countries; we are anxious to do more in this field, working with provincial authorities and academic institutions. Cultural exchanges have traditionally not been extensive except with Israel and the Maghreb, but are now gathering some momentum elsewhere and Canadians scholars are doing useful research on various facets of the area, both here and in the field.

Visits and co-operation

Our interests are supported by a growing array of government tools. We now have ten embassies functioning in the region and are looking at the possibility of a physical presence in the lower Gulf to promote our economic and other interests. We have diplomatic relations with all countries in the Middle East and North Africa. In addition to increasing in number, the embassies have grown in size and now have a wide range of activities. Official visits to and from the region, including several by the Prime Minister, have been an increasingly important development in our relations with this area, where personal contacts are all-important as a basis for enduring links. ...I took the opportunity in 1976 to visit a number of countries in the region; I hope to return this year to signify my own commitment to broadening the base of our relationships.

Our relations in many cases have been buttressed by both specific and general agreements, providing in some cases for formal meetings of joint commissions. The subjects treated in these agreements and commissions range from trade through development to education and cultural matters. The countries of the region have also extended their interest in Canada. Eleven of them now have embassies in Ottawa; the rest cover Canada from New York or Washington. Also, the Arab League has had an information office here for some years. Provincial governments have been active in a variety of economic and other fields. The Canadian government has been happy to assist in these endeavours through our embassies in the area and through consultation and co-operation in Canada.

Although it would be foolish to deny the unstable record of the region — and the potential for further discord — we should not be deterred from pursuing our many interests in the Middle East. Excellent opportunities exist for Canada to establish

closer ties and, working with the countries and peoples of both the Middle East and Maghreb, to achieve even greater mutual benefit. The government is committed to this objective and we are gratified that Canadians at large increasingly share the same view. We will look forward to the results of your enquiry with the deepest interest in the expectation that they will contribute significantly to the furtherance of Canada's long-range objectives and to the heightening of public awareness of the opportunities as well as the problems of the area.

Arab-Israeli dispute

I should like to turn to the Canadian view on the Arab-Israeli dispute. Peace in the Middle East can come only through negotiations and the Arabs and Israelis have to be encouraged to sit down together to work out their differences. Following a balanced and impartial policy towards the Israelis and the Arabs, including the Palestinians, we will do what we can to promote compromise and moderation but Canadian influence will obviously be limited as we are not a central player.

We support the independence, sovereignty and territorial integrity of Lebanon. We strongly opposed the Israeli invasion of Lebanon which we considered neither justified nor likely to achieve its stated objective. The Prime Minister deplored the invasion in writing to Prime Minister Begin. We continue to support Israel's immediate and unconditional withdrawal from Lebanon. The withdrawal of Syrian and Palestine Liberation Organization forces is obviously equally important for the return of peace and stability to Lebanon. Negotiations to achieve the withdrawal of forces should be pursued vigorously and should not be delayed by attempts to achieve unrelated objectives. We deplored Israel's unjustified occupation of West Beirut. We were shocked and revolted by the massacres in the Sabra and Shatila refugee camps in Beirut.

Since the beginning of the invasion we have contributed \$3.05 million in humanitarian assistance for Lebanon. As requirements become clearer, we shall be considering what further contributions might be made to aid the Lebanese and the Palestinians in Lebanon.

Peacekeeping

We have had discussions with a number of countries about peacekeeping in Lebanon but Canada has not been asked to participate in the Multinational Force, MNF. It would be premature to speculate about what the Canadian government's reaction might be if invited to participate in either the Multinational Force or a changed United Nations Force in Lebanon.

On the conflict in general we support a just, lasting and comprehensive peace settlement based on Security Council Resolution 242, including the right of all countries to live within secure and recognized boundaries and the requirement for Israeli withdrawal from "territories occupied" in 1967. The final status of the occupied territories must be decided by negotiations. We oppose attempts to prejudge the outcome of negotiations through actions on the ground or one-sided resolutions in international fora. We support the security, well-being and rights of Israel as a

legitimate, independent state in the Middle East. Because of our support for the principle of universality, we oppose any move to suspend or expel Israel from the United Nations or its specialized agencies. At the same time, we have expressed in the UN our opposition to certain Israeli policies.

Occupied territories

Canada has made it clear to Israel that we cannot accept the position that it has gained the right to retain permanent control over the occupied territories. We are deeply concerned over action which Israel has taken on the ground to extend its control: its annexation of East Jerusalem and the Golan Heights as well as its establishment of settlements in the occupied territories. We regard these actions as contrary to international law and extremely unhelpful to the peace process. The settlements have greatly increased in number, area and total population since the mid-70s when we began to criticize their establishment. We would like to see an end to settlements activity, not just a freeze. The repeated assertions by Israeli spokesmen that Israel will never withdraw from these territories, coupled with the announced determination to increase the number of Israeli settlements in them and to reject any suggestion about their removal in any peace arrangement, seriously undermine the possibility of successful negotiations leading to a permanent and secure peace. We have also criticized the strong measures taken by Israel in the occupied territories, including the closing of Palestinian universities, tough measures to put down demonstrations and the expulsion of some mayors and the dismissal of other mayors and municipal councils.

The world has come in recent years to acknowledge the identity of the Palestinians as a people. We recognize that for there to be a just peace, the legitimate rights of the Palestinians must be realized, including their right to play a full part in negotiations to determine their future and their right to a homeland within a clearly defined territory, the West Bank and Gaza Strip. The nature of the homeland and its relationship with its neighbours should be decided by the parties to the dispute through negotiation.

We do not officially recognize the PLO. That is, we do not accept its claim to be the "sole, legitimate representative of the Palestinian people", and we are giving no consideration to doing so. However, because of the PLO's obvious importance among Palestinians, we have had contacts with it on a range of topics in a number of places. We have tried to counsel the PLO to pursue a political course and to reject violence. We are following closely the meeting of the Palestine National Council, currently taking place in Algiers.

Canada has given strong support to international efforts to meet the humanitarian needs of the Palestinians. Over the years, we have contributed \$70 million (US) to UNRWA.

Camp David accord

Canada has been one of the strongest supporters of the Camp David accord with its provisions for full autonomy and self-government in the occupied territories as the

first step toward a comprehensive settlement. We hope Israel will find it possible to take a less uncompromising position on the future of the occupied territories as well as in its dealings with the inhabitants of those territories so that there will be some incentive for them and for Jordan to join the Camp David process. For their part, Arab governments and Palestinian leaders have to understand Israel's security concerns and be prepared to make clear their willingness to agree to genuine and lasting peace with Israel.

Canada has welcomed President Reagan's initiative and has indicated publicly that it is in accord with the main line of his proposals: they are an elaboration of Camp David and are consistent with it. We believe they merit the most careful consideration by all sides and that they offer opportunities for progress which should be vigorously pursued. President Reagan expressed the conviction that self-government by the Palestinians in the West Bank and Gaza in association with Jordan offered the best chance for a just and lasting peace. We have no problem with this option since it might indeed offer the best chance of peace but we would not rule out, as President Reagan has, other options open to the parties during negotiations, including the possibility of an independent Palestinian state.

Fez summit

We also welcome the fact that the Arab Summit in Fez put forward an agreed upon Arab view on a settlement without ruling out other approaches to the problem, such as the US initiative. In its reference to Security Council guarantees for peace for all states in the region, the Fez resolution seems to recognize the existence of Israel, at least implicitly. Although we would like to see this position made clearer, we think that what has been said is a positive development.

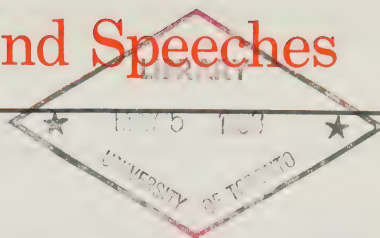
The way forward is very uncertain. The situation in the Middle East has changed dramatically as a consequence of Lebanon. Until there is an early withdrawal of all foreign forces from Lebanon, the prospects for movement in the peace process are not encouraging. There are other serious obstacles, moreover, which, if not removed, tend to foreclose the possibility of a peaceful solution to the Palestinian question. What is necessary above all in our view is that Israelis and Arabs should each make a genuine effort to appreciate the depth of the concerns and fears of the other. Only in such a spirit of mutual accommodation and understanding can a truly just and lasting peace be achieved. Canada will do what it can to further this process.

S/C



Statements and Speeches

No. 83/3



CANADA'S RELATIONS WITH ISRAEL AND THE ARAB-ISRAELI DISPUTE

Statement by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Annual Conference of the Canada-Israel Committee, Ottawa, March 16, 1983

I am happy for the opportunity this annual conference gives me to resume the contacts with the Canada-Israel Committee that I used to enjoy when I was Minister for External Affairs between 1974 and 1976. Today I want to talk about the Canada-Israel relationship and the Arab-Israeli dispute. I do not intend to cover all the aspects of these very broad subjects since I have just recently put a full statement on the record of the Standing Senate Committee on Foreign Affairs on February 17 and I returned to the subject yesterday before the House of Commons Standing Committee on External Affairs and National Defence. I want simply to highlight some of the issues involved.

Our interest in Israel is a special one. There is a closeness with Israel that goes back many years. We supported the creation of the State of Israel in 1948 and established our diplomatic mission there in 1954. As a reflection of our interest in Israel, our embassy is now about the sixth largest diplomatic mission in the country.

Over the years, Canada has developed a solid relationship with Israel and a friendship that is based on understanding and frankness. I am sure these have given us greater insight into the aspirations and preoccupations of Israelis as well as helping Israelis, in turn, to understand how Canadians view Israel. The Canada-Israel Committee's contribution to the dialogue is very much valued.

The official visit I made to Israel in 1976 brought home to me the vitality of Israeli democracy and the enthusiasm that is typical of Israelis. These are not things that are easily forgotten. Nor is the sense of history with which Israelis live their daily lives. I found memorable the ancient history captured in the holy city of Jerusalem. Then there was the more recent history of the Holocaust which is recorded at Yad Vashem so that none may forget the horrors that man has perpetrated against his fellow man. Finally, there was the daily history being written in the constant confrontation between Arabs and Israelis.

Development of bilateral relations

How have our relations with Israel developed over the past seven years since I was last in this portfolio? I see that the basic friendliness between us has remained unchanged and that the fundamental commitment by Canada and Canadians has stood the test of time. There is continuing contact and dialogue at all levels.

There are, of course, differences between us, including some very important ones over various Israeli actions relating to the Arab-Israeli conflict, as both Foreign Minister Shamir and I made clear to each other during our meeting at the United Nations last fall. At that time, we discussed our opposing views relating to the conflict — the Israeli invasion of Lebanon, the occupation of West Beirut, the Reagan initiative and the Fez Summit. We also dealt with the stepped-up Israeli settlement campaign and I expressed our view that it was contrary to international law and extremely unhelpful to the peace process. Such differences do not undermine our support for Israel's very existence, as some have suggested, nor do I think they undermine the basic rapport between us.

There has always been an active interchange between our people. The number has doubled since 1977 and has reached some 40 000 to 50 000 visitors annually in each direction. Many of these are drawn primarily by family ties but a great number are involved in business and professional exchanges. It is good to see that a growing number of parliamentarians is visiting back and forth. In our Parliament, a Canada-Israel Parliamentary Friendship Group has been created and a corresponding Israel-Canada Parliamentary Friendship Group has been established in the Israeli Knesset.

On the official level, we have broadened our already extensive relations. There is now a framework of agreements and understandings that was not yet in place when I visited Israel. These cover trade, agriculture, industrial research, health, cultural relations and film-making. We even developed a tripartite aid project together. When I met with the late Yigal Allon, who was Foreign Minister at the time of my visit, we spoke of establishing a joint committee on trade which I favoured. We now have two such bodies — a Joint Economic Committee and a Joint Agricultural Committee. Both met last year, one in Israel and the other here.

**New institute
to promote co-
operative R & D**

I am pleased to announce today on behalf of my colleague, the Honourable Edward Lumley, Minister of Industry, Trade and Commerce, that funds have been approved to help in setting up, together with Israel, an institute to promote co-operative industrial research and development in Canada and Israel. This initiative was greatly assisted by the good work of the Honourable Herb Gray who, as Minister of Industry, Trade and Commerce at the time, signed the Letter of Understanding on this project while on an official visit to Israel in January 1982.

There have been periodic trade missions between our countries in an effort to improve our trading links. Ministerial visits are also a regular feature of our interchanges and we look forward to receiving the Israeli Minister of Industry and Trade, Mr. Gideon Patt.

As I have already told the Senate Committee, I hope and intend to visit some countries in the Middle East, including Israel, later this year. I want to make this visit because there have been great changes in the region since I was there last. These have

to be seen at firsthand if one is to understand properly the responses of the countries concerned to events touching them.

Diplomatic support

I see my return visit to Israel as a reaffirmation of Canada's fundamental commitment to Israel. We have consistently supported its existence as an independent and secure state in the area. This is a basic element in our Middle East policy and is not subject to change. Because of our commitment, we have at times gone very far in extending our diplomatic support to Israel. Where, for example, the existence of Israel and its legitimacy have been challenged in international fora, we have taken a strong position against such efforts to undermine Israel.

In recent months, three attempts have been made to strip Israel of its rights of membership in UN bodies — at the International Atomic Energy Agency General Conference, the International Telecommunications Union Plenipotentiary Conference and the United Nations General Assembly. We not only opposed these attempts energetically because of our support for the principle of universality of membership, but in some instances we took a lead in order to defend that principle. At the IAEA Conference last September, for instance, Canada and other like-minded states were successful in obtaining a blocking third to defeat a resolution to expel Israel from the Agency because of its earlier attack on Iraqi nuclear facilities. Unfortunately, in the dying moments of the conference, an incorrect procedural ruling on a late vote by one delegation which broke a 40/40 tie, led to the rejection of the Israeli credentials for that specific conference. Canada, along with 16 other states, walked out of the meeting in protest.

One further point worth making about the hundreds of resolutions in the UN system: Canada has not drafted these resolutions and has no control over their contents. As a result, we do not see them as a satisfactory way of expressing Canadian policy although in our voting we take account of the basic thrust and balance of each resolution.

I recall that, in 1976, former Prime Minister Yitzhak Rabin remarked that, to outsiders the Arab-Israeli conflict looks much simpler and much more solvable than, unfortunately it is in reality. If Canadians ever thought that (and I do not think they have, given our long experience in Middle East peacekeeping operations), events since then have certainly shown how difficult the road to a peaceful settlement is. Issues that we were discussing in 1976 have not been resolved and are still among the questions which will have to be dealt with in moving towards peace. In Israel, I had long talks on the central position of Resolutions 242 and 338 as the basis of a peaceful settlement and the need for Israel's Arab neighbours to accept the existence of Israel. I also discussed the requirement that Israel withdraw from territories occupied in 1967, the obstacle to a peaceful solution created by the establishment of settlements in the occupied territories, and the need for a solution to the Palestinian problem that recognizes the rights of the Palestinians.

In my statement to the Senate Committee I reaffirmed our views on these various ongoing issues which are well-known to you. I have made these views known not only in the parliamentary context but also during my talks with Foreign Minister Shamir at the United Nations.

Since my talks in Israel seven years ago, new elements have entered the Middle East equation, including the Camp David agreements and President Reagan's initiative which we see as consistent with Camp David and meriting support. The Israel-Egypt peace treaty which emerged from the Camp David agreements is one of the few positive elements in the complex Arab-Israeli picture and shows that peace can be achieved between Arab and Israeli when high statesmanship is in evidence. It also shows how unpredictable the road to peace can be. Although we discussed the possibility of such an agreement at the time, neither Prime Minister Rabin nor I imagined that such a treaty could be just around the corner.

In the year since your last annual conference, momentous events involving Israel have occurred which have left their mark not only on Israel's relations with its Arab neighbours and the occupied territories but on Israel itself.

The promises of the Egypt-Israel peace treaty have yet to be fully realized.

**Palestine and
Canada's position
re PLO**

Although even more important than before, the Palestinian problem remains unresolved, despite the fact that it is recognized by all, including Israel, that the Palestinians have legitimate rights and just requirements (to use the language of Camp David) and there are various proposals on the table, such as the Reagan initiative, that could provide a basis for negotiations. For our part, we continue to support the right of the Palestinian people to play a full part in negotiations to determine their future and their right to a homeland within a clearly defined territory, the West Bank and Gaza Strip. We do not rule out any options open to the parties in negotiations.

Regrettably, the recent meeting of the Palestine National Council in Algiers did not give its leadership a clear mandate to negotiate, although it may have left the door sufficiently open so that, with encouragement from others, there can be some movement in the peace process.

The place of the PLO in negotiations continues to create controversy. As we have made clear, we do not accept its claim to be the sole, legitimate representative of the Palestinian people and we are giving no consideration to doing so. We question how the PLO could usefully participate in such negotiations so long as it fails to accept Israel's right to exist within secure and recognized boundaries. Because of its importance, however, we have maintained contacts with it at the level of officials. We believe that such contacts are valuable and that they should be maintained.

Despite the many worrying signs I have described, I detect that there is a hesitant

willingness to begin talks, and the potential for peace therefore exists. However, the momentum could be lost if the parties do not show greater flexibility. We may therefore be at a crossroads.

Canada has been urged to play a more active role in the Middle East in an effort to provide the stimulus required in present circumstances. Some see our continued acceptability to the parties involved as an opening for us to try to exert influence. We, of course, speak out to the parties in private and through public statements. However, we do not have any illusions about the influence we can exert over the Arabs or Israelis.

Lasting peace in the Middle East cannot be imposed. It can come only through negotiations. One of the main problems is to get the negotiations going between the Arabs and Israelis. The key to breaking the present impasse on this point is to find how to encourage the parties to take the steps needed to bring them face to face.

Unfortunately, the history of the Arab-Israeli conflict appears to be one of missed opportunities and continued violence, followed by renewed efforts at peacemaking. New potential openings in the peace process have occurred in recent months but the window for progress is very narrow and if opportunities are not grasped by the parties quickly, the deadly cycle may simply repeat itself yet another time. While there may be some who would be comfortable with a perpetuation of this state of affairs, I think the vast majority of people directly concerned must want an honourable and peaceful end to the conflict, if only one can be found that protects their vital interests.

**Sinai withdrawal
optimistic step
toward peace**

In closing, I wish to recall and at the same time pay tribute to perhaps the historically most significant achievement in the Middle East in the past year — the final withdrawal of Israel from the Sinai and the peaceful restoration of that territory to Egyptian sovereignty in accordance with the peace treaty made possible by Camp David.

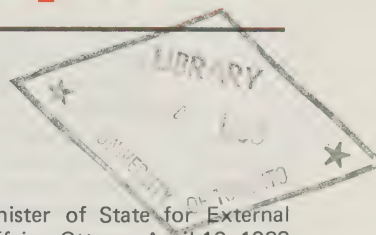
This event provides evidence of Israel's eagerness to act for peace when an Arab country indicates a willingness to negotiate. As that act showed, a settlement in the Middle East between Israelis and Arabs is possible once the will is there on both sides, and once there is a beginning of sympathetic understanding by each side of the aspirations and the fears of the other.

It is this fact that we should bear constantly in mind when events seem to suggest that there is an unbridgeable gap between present adversaries. It provides the hope on which we should all be trying to build.



Statements and Speeches

No. 83/4



CANADA'S ROLE IN AFRICA

A Speech by the Honourable Charles Lapointe, Minister of State for External Relations, to the Canadian Institute of International Affairs, Ottawa, April 12, 1983

I am very pleased to be able to talk to you today about Canada's role in Africa. I have often noticed how closely African affairs are tied in with every aspect of our foreign policy.

This is not surprising, especially when one considers the future. Canada has close relations with the United States, Europe and Japan — the industrialized countries that are the greatest economic and political powers. It is also forming increasingly closer relations with the Third World — relations that are already having quite an effect on our economic and political interests. I would like to discuss the reasons why Canada is becoming more and more active on the African continent.

But let us first look at some basic information as it applies to Africa and Canada. Africa is a developing continent, in the strictest sense of the word. With an area of 30 million square kilometres, Africa is the depository of vast undeveloped natural resources. It will soon have a population of half a billion. The 50 countries that it comprises represent almost a third of the world's sovereign states. They form the majority of the Francophone countries and almost half the non-aligned movement. They are an important group in the Arabic and Islamic worlds and in the Commonwealth. With its great physical and human resources, Africa will of necessity be called upon to play an increasingly crucial role in world affairs.

Africa is also facing some serious problems. I am not referring only to the conflicts that are shaking the continent in Southern Africa, the Western Sahara or the Horn of Africa. Africa's main problems are those of development, and they exist in every domain. Most of its countries suffer from economic vulnerability, the fragility of their institutions and the social tensions related to these factors and to their cultural and ethnic diversity. But Africa is a developing continent, and although it contains many deprived countries, there are also centres of growth, dynamic regions and capable peoples and governments who, with courage and dignity, are successfully going about building their countries. When I think of Africa, I think of it as a first-rate partner for Canada.

What are Canada's basic economic and political realities? We have an economy centred both on development of our natural resources and diversified industrial production. With a relatively small domestic market, we are compelled to base our prosperity on foreign trade. This allows us to produce more and to sell our products,

but it also makes us dependent on the stability and dynamism of our foreign markets. Politically we have democratic institutions, one requirement of which is to meet the aspirations of a population whose interests, for geographical and cultural reasons, are very diversified. Among these aspirations is the desire of Canada's Francophones to form close ties with the Francophone countries of the world, thus forming a balance with our ties to the Commonwealth. Another is seen in the willing generosity of most Canadians to help relieve poverty and injustice in the world.

This glimpse at some facts about Canada and Africa will help us to better understand Canada's role in Africa. We are used to compromise and moderation in our domestic affairs, and we are trying to generate a similar climate in international affairs. The African countries are seeking to consolidate their autonomy in regard to the former colonial powers and to East-West rivalry, and they greatly appreciate our pragmatic, conciliatory attitude and the absence of any desire on our part to form a hegemony. The large number of African countries in all the international forums amply justifies our policy of rapprochement and co-operation with them.

Since Canada is an intermediate power, we feel that it is important to increase the effectiveness of international institutions whose goals are the protection of everyone's interests. The African countries are in the same situation. Because of these affinities and the influence of the African countries within the international organizations, it is to our advantage to work with them to help them to function better.

As an exporting country, Canada must constantly reinforce and diversify its markets in order to have economic growth. Africa, despite its economic weaknesses as a developing continent, has many dynamic markets that Canadian firms have penetrated considerably. I am of course thinking of Arab Africa, but also of a growing number of sub-Saharan countries like Nigeria, Cameroun, Ethiopia and others. There is so much to do in this part of the world, the needs for equipment and infrastructure are so great, that our companies will always find a market there. The African countries have close ties with Europe, and for this very reason are interested in diversifying their sources of supply and their outlets. They react favourably to offers from Canadian businessmen, when they are competitive, of course.

For humanitarian reasons, for political reasons that have to do with the stability of institutions, and for economic reasons connected with the stability of our markets, Canada is convinced that there can be no real security in the world without a greater measure of social and economic justice. In other words, we are dependent on each other for our prosperity, and this requires an attitude of solidarity on all sides. Canada thus plays an active part in the North-South dialogue, both at the political level and in the realm of development aid. The African countries see us as a serious partner that understands and shares their aspirations. Moreover, the African countries represent nearly half the countries in the Southern Hemisphere, and it is under-

standable that North-South questions should be prominent in our bilateral relations with them.

In sum, Canada is an important economic and political partner in Africa, and owing to our community of interests in the areas I have just mentioned, the Canadian presence is seen by the African countries to be mutually beneficial. Canada performs its role by way of programs, especially in development aid and trade. Both are complemented by a deepening political dialogue.

The development aid program is undoubtedly the most visible of all. Our African friends often tell us that our co-operation is second to none in terms of generosity and quality, and after visiting many of our projects, I know we have reason to be proud. Whether it be a dam in Tunisia, a technical school in Senegal, wheat in Tanzania, an aqueduct system in Ethiopia, a highway in Niger, or transmission lines in Egypt, not to mention dispensaries, wells and market gardens in hundreds of villages, Canada's activities contribute effectively toward improving the lives of Africans and providing their governments with tools for development.

Over the past 20 years, Canada has provided bilateral financing of over \$2 billion for development projects in Africa. Our present funding amounts to some \$300 million a year, to which must be added the amounts channelled through the international agencies and non-government organizations. Ever sensitive to the priority needs of the recipient countries, Canada, today, is placing emphasis on rural development, especially increased food production, an area in which we have recognized expertise, and on the training of human resources. Development is long-term work, but the results already achieved provide ample confirmation of the usefulness of our activities.

Canada has also succeeded in establishing solid and significant trade links with a growing number of African countries. In 1981 our exports to Africa were \$1.5 billion, and our imports over \$1.2 billion. As our businessmen come to learn about Africa and its equipment and machinery needs, our sales in goods and services are multiplying. Canadians are also investing more and more in joint stock companies with Africans. Today a considerable number of Canadian firms and consulting engineering companies are operating in Africa, where they have found a receptive and flourishing market, despite the distance and the keen competition from other countries. A continent under construction and a continent of the future, Africa is destined to become a privileged partner for Canada, thanks to the pioneer work done by all the businessmen whom I have often met while staying in various African countries.

The enthusiasm I feel when I think of what we have accomplished in Africa does not make me forget the difficulties we are finding in making our programs work there. For example, we are always looking for ways to improve the effectiveness of our development aid. Although our projects are being better planned and managed, and

are meeting our objectives, do we always choose those that best contribute to the advancement of the recipient countries? Are our aid credits in the various countries being distributed fairly and in accordance with our interests? How should we approach the question of recurring costs? The field of development aid is in a constant state of change. The same applies to our trade programs, in which our interests must be harmonized with the needs of countries and their capacity for indebtedness, while reconciling our policy as an exporting country with our North-South policies.

Political dialogue is another key aspect of Canada's role in Africa. It provides much of the framework for the orderly operation of our co-operation programs and the promotion of our commercial interests. Thus, during my visits, much time is spent reviewing our aid program and supporting the projects of the businessmen and women who go with me. But there is much more than this. I have already spoken of the obvious importance of Africa in Canadian policy concerning North-South questions and the strengthening of international institutions. Canada is equally engaged in various questions of security which directly affect the African continent: Namibia is a major example. Canada provides substantial aid to refugees and other victims of local conflicts. My meetings with African ministers and heads of state bring an essential dimension to the development of our policy, by allowing for a greater understanding of the problems and greater co-ordination in matters of common interest.

This dialogue, apart from its content, has an intrinsic value. The African countries value personal exchanges and are concerned with integrating political and economic aspects with their foreign relations. In forming closer political links with the African countries, we are learning much from them in the areas that interest us mutually, but we are also contributing towards strengthening the role of Africa on the international scene. I am convinced that in doing this, Canada is also contributing to the stability of African institutions, and I feel that our example is also helping them to further democratize their institutions and especially to enhance respect for human rights, which is one of the main elements of our foreign policy.

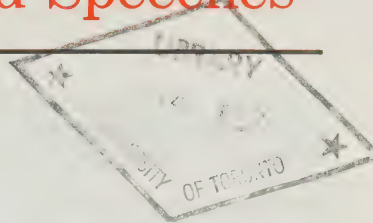
To summarize, let me say that Canada has decided to play an active part in Africa because it is in her interest to do so and because Canada has confidence in Africa. Thank you.

S/C



Statements and Speeches

No. 83/5



ECONOMIC NATIONALISM

An Address by the Honourable Gerald Regan, Minister of State (International Trade), to the Bankers' Association for Foreign Trade, San Juan, Puerto Rico, April 13, 1983

I am pleased to join you here in beautiful and sunny Puerto Rico to talk about the broad and recurring phenomenon of economic nationalism. Bankers and businessmen have some national preferences in relation to how business is carried out. First, they want as little interference as possible from government. Second, they want whatever rules they have to tolerate to be the same throughout their over-all area of operation. Third, they want those rules to be consistent, predictable and not constantly changing.

Unfortunately, these conditions are only attainable to a limited extent within national boundaries. When we venture into the world of international trade and investment, we encounter a jungle of variations in rules, tax schedules, prohibitions and local idiosyncrasies. In many countries today you can add to that problems of credit worthiness.

Despite the myriad of conditions, international trade and investment have grown at a phenomenal rate in the years since the end of the Second World War with a resulting growth in the standard of living of all involved and the emergence of export markets as a significant factor in the economies of the industrialized world.

The banking industry has served this growth well and has shown an amazing ability to adjust to changing circumstances.

Bankers have realized that in a world of nation states, nationalism in both its political and economic manifestations is inevitable. All countries take steps to protect what they perceive to be their essential economic interests and preserve their political and cultural independence.

The optimum system strictly from the point of view of corporate efficiency would be unfiltered free trade and investment flows without limitation of political boundaries or the incursion of other political factors.

Practical experience shows us that this is impossible to achieve. Whether governments are directly elected or more authoritarian, they share the conviction that their primary responsibility is to the people within their jurisdiction rather than to the international community and, therefore, establish rules and conditions that relate to the needs of that particular country which may be at variance with those that exist elsewhere.

If they are wise governments and cognizant of the benefits of an efficient multi-lateral trading system, they strive to avoid national laws that are so extensive or protectionist as to disrupt the normal functioning of international economic relations.

No country is free of some degree of economic nationalism. Restriction on foreign investment manifests itself in different forms in various countries. Special protectionist measures against importation of certain types of goods and services vary according to the economic needs of the particular country, but they always exist.

If one takes the United States for instance, you find long-standing restrictions on foreign investment in such sectors as shipbuilding, dredging, fishing, air transport, communications, finance, nuclear power, mining and defence procurement industries. Other laws relating to anti-trust, securities etc., can be used to prevent acquisitions by foreigners when these are not in the US interest. All of these restrictions exist in a country that has never had the threat of any appreciable percentage of foreign ownership of its industry. I'm sure that US legislators over the years have felt that they had good and sufficient reason for these laws, but they nevertheless restrict the free flow of international investment capital.

In relation to the other aspect of restriction of international business, that of protectionism against the importation of products of other countries, we again find that all countries find it necessary to maintain some measures to protect domestic production.

Here again I use the example of the US not because it is a leading transgressor like Japan, but merely to show that even the strongest, most developed economies find such measures necessary.

You are probably aware of the Surface Transportation Assistance Act that gives a "buy America" preference on federal-funded highway and urban mass transit projects including restrictions on cement and rolling stock imports. Other preferential buy America acts exist in a number of states. There are new restrictions on the defence procurement of foreign-produced specialty metals that will hurt US economic partners. In fact, new trade protectionist measures abound in Congress: from reciprocity legislation to domestic content for automobiles. US industry is active in initiating restrictions against foreign imports under US trade law. These developments are a reflection of difficult economic circumstances, tough foreign competition and high unemployment.

As a minister in the Canadian government, I want to suggest to you that in this admittedly imperfect world Canada adheres to the principles of free trade and accessibility of international investment as well as other developed industrial countries.

In almost every sector of the economy Canada has permitted a higher percentage of

foreign ownership than any other industrialized country. While foreign control of non-financial industries in Canada has declined in recent years, it remains at 27 per cent, the highest in the industrial world. It is particularly high in important industries: oil and gas — about 60 per cent; transportation equipment — 70 per cent; electrical equipment — 60 per cent; and mining — 38 per cent. In the US foreign investment controls about 2 per cent of non-financial industries: 18 per cent of petroleum; 5 per cent of mining and 3 per cent of manufacturing. While 19 of the 50 largest firms in Canada are foreign controlled, this is the case for only two out of the largest 50 firms in the USA. The stock of foreign investment is now higher in the USA than Canada, but of course the USA economy is ten times as large. The US has six times as much foreign investment in Canada, comprising 80 per cent of the total, as we have in the USA.

Again, we have allowed as great or greater access into our market of the foreign goods than most other countries in many sectors. Because the Canadian industrial structure is not as diversified as other larger countries, we generally import a greater percentage of manufactured goods in relation to our total needs than other countries.

The policies adopted by countries will vary greatly depending on their economic size, commercial competitive advantages, position as capital importer or exporter, or host or home country to multinational enterprises (MNEs) and their international political role and perceptions. Canada and Australia, as primarily host countries to foreign investment, employ investment screening mechanisms and may restrict foreign involvement in some sectors for cultural or economic reasons. The investment restrictions of large home countries, like the US and Britain, are often on a sectoral basis and involve considerations of security and defence as well as economic considerations. France and Japan employ a variety of administrative measures to protect their trade and investment interests.

These differences in circumstances and policies must be considered when attempting to define international norms of behaviour: within the GATT [General Agreement on Tariffs and Trade] system with respect to trade and in the various OECD [Organization of Economic Co-operation and Development] and UN investment instruments which include guidelines for MNEs and principles of fair and equitable government treatment of foreign investors.

There are no absolute rights and wrongs. There must, however, be a balance of interests among states that recognize their national responsibilities and the desirability of a relatively liberal international trade and investment climate. MNEs must commit themselves to contribute to development by following the laws and policies of the countries in which they operate, and international guidelines. This co-operation can minimize excessive or ill-considered economic nationalism that can have negative effects or lead to disaster.

I want to spend a few minutes explaining a number of Canadian policies in the investment area, including the Foreign Investment Review Agency and the National Energy Program [NEP]. We do not consider that Canada's policies are particularly unique. While they have raised some controversy in the international business community, the concern about our policies was probably at a maximum about a year ago. Since then, the difficult international economic circumstances, a realization that many other OECD countries employ measures to achieve goals similar to Canada's and our own efforts to streamline and explain our own policies, have accounted for these improved perceptions.

Canada's economic development strategy has always been a pragmatic one, free of ideology, relying upon both international investment and public enterprise to supplement private domestic investment. The railway sector in Canada, comprising publicly-owned Canadian National Railways and Canadian Pacific Railways, the largest investor-owned railway which nevertheless had both government support and foreign investors, is an example of this tradition. A more recent example of this "Canadian" approach to development is the establishment of Petro Canada as a public corporation competing with private companies, both domestic- and foreign-owned, in the oil and gas sector.

This pragmatic approach to development has served Canada well and has certainly not deterred international investors from taking a stake in Canada. No other country in the industrialized world — and probably in the whole world — has relied as heavily on the process of international investment, sustained it as effectively and benefited from it as continuously as Canada has over recent decades. It is little wonder then that Canada supports a positive environment for international investment.

Stated another way, Canada welcomes foreign investment that will bring significant benefit. We are also particularly interested in MNEs in Canada being good corporate citizens along the lines set out in the OECD guidelines and our own domestic guidelines: by engaging in economically viable export activities; sourcing in Canada where competitive; carrying out independent research and development in Canada; providing equity participation and management responsibility to Canadians; providing significant management independence to the Canadian enterprise; and seeking to use profits and resources generated in Canada to the benefit of the Canadian economy.

At the same time, the high levels of foreign investment in Canada have led to concerns about the implications of this for economic progress and independence and, in turn, to a number of moderate policies that respond to these concerns.

The Canadian approach to foreign investment has three main approaches. The first approach is to minimize legislative regulatory or administrative impediments to the operations of foreign-owned or controlled companies in Canada. We have consistently "extended" national treatment to foreign-owned firms. Once such firms are established

in Canada, they are generally subject to the same tax provisions, regulations and eligibility conditions for government grants and loans as Canadian-owned enterprises.

The second approach is that the few significant exceptions to this rule where some restrictions on foreign ownership apply relate to three key areas of the economy: financial institutions, communications and culture, and the oil and gas industry. The relevant measures in these sectors have generally been spelled out in legislation and regulations rather than being left in an *ad hoc* uncertain way. The short list of key sectors in Canada compares quite favourably with the US and a number of other OECD countries.

Perhaps I could comment briefly on these three Canadian sectors. With respect to financial institutions, it should be noted that in chartered banking we have moved in the direction of greater reliance on foreign investment and enterprise. Prior to the recent revision of the Bank Act, foreign banks were not permitted to engage in banking activities in Canada, although they could and did play an active role in the provision of commercial loans and other financial services. The new banking legislation enacted by Parliament in 1980 has significantly opened up this sector to international investment. Foreign banks are now allowed to establish subsidiaries in Canada as single-branch wholesale banks. Ministerial approval is required for additional deposit-taking branches, but representative offices may be opened at will. (At least half the directors of a foreign bank subsidiary must be Canadian citizens, and the foreign-owned banking sector is limited in the aggregate to 8 per cent of all banks' total domestic assets. Foreign controlled banks have broadly the same business powers as domestically-controlled ones.) Since passage of this legislation, 57 new foreign-owned banks with total assets of some \$18 billion have received their charters.

The restrictions in the communications sector are based on the development of a distinctive independent Canadian cultural output. Since 1971, the Canadian Radio Television and Telecommunications Commission [CRTC] has issued broadcasting licences only to companies 80 per cent owned by Canadians. The CRTC also requires broadcasters to devote specified proportions of their program schedule to Canadian programming. Canadian advertisers may only deduct their domestic advertising expenses for tax purposes when using Canadian media to reach Canadian markets. Programs have been introduced to encourage the Canadian film and publishing industries, to make sure that Canadians, along with the wide choice of foreign cultural products available to them, also have access to those of Canadian intellectuals and artists.

I mentioned earlier that special circumstances dictate different sectoral or legislative limitations in various countries. Canada's special circumstance in the communications field arises from our geographical location and linguistic pattern with our population of 24.7 million scattered along more than 3 000 miles of the border with a southern neighbour that uses English — one of our two official languages. We have awesome

problems in maintaining a distinct culture; in developing our own literature; or supporting our own artists. Obviously, this sort of problem does not exist for Australia to the same extent because of the factor of distance.

The third and most controversial key sector is the oil and gas industry. The principal objective of the National Energy Program is to ensure energy security for Canadians. Achievement of this objective requires that more of our oil and gas industry be controlled by Canadian interests, and that there be appropriate participation by the national government, on behalf of the Canadian people in the future development of that industry. Between 1975 and 1979, the Canadian oil and gas industry generated net outflows of capital totalling \$3.8 billion — \$2.1 billion in direct capital and \$1.6 billion in dividend and interest payments. The outflow took place at a time when enormous amounts of capital were required to ensure the rapid development of Canada's oil and gas potential, a national imperative if self-sufficiency is to be achieved. These factors necessitated some form of encouragement for investment in new oil and gas development that would be attractive to Canadian investors and led to the establishment of the Petroleum Incentives Program and the Canada Oil and Gas Lands Administration. Our ownership goal is modest: to have Canadians own 50 per cent of the Canadian industry by 1990.

Canada is by no means the first country to treat energy supplies as a matter of strategic national importance and seek security over oil and gas supplies through ensuring significant domestic ownership and some government involvement in the industry. The entire oil and gas industry is under government control in most producing countries including Venezuela and Mexico. The USA is the exception, rather than the rule, being the home base for the world's largest oil companies which no doubt accounts for the fact that foreign control in the United States oil and gas sector is low. Regarding public enterprise, Petro Canada is still a youngster — though a strong and fast growing one — in the large family of oil companies wholly or partly owned by governments: British Petroleum in the UK, Statoil in Norway, Agip in Italy, La Compagnie Française des Pétroles in France, Veba in West Germany, the National Oil Company in Japan, Petrobras in Brazil.

The foreign oil industry will continue to prosper in Canada. A comparison with policies and practices in Norway, Britain and the USA, among others, shows that Canadian legislation is less stringent and provides as high or higher rate of return on new oil for foreign investors than do these other countries. Assets are not being nationalized. Rather, acquisitions, through private purchases at market prices, have been on terms highly favourable to the sellers of those assets. Moreover, Canada is providing large incentives to foreign companies operating in Canada for oil and gas exploration and development. The regime in the NEP will be more favourable to foreign investors than in virtually any other country. But the incentives are being made even more favourable to Canadians so that they may increase their participation in a growing Canadian petroleum industry.

The key elements of the NEP have now been enacted by Parliament. There is a flexible and comprehensive framework in place for the development of the petroleum industry in Canada in which Canadian, as well as foreign firms, will more actively participate. Oil prices, interest rates and general economic conditions will of course affect the pace of development of this sector. We are also on schedule with our Canadianization target. Canadian participation has increased about 10 per cent in the sector. The 50 per cent target for 1990 remains and is achievable, but we do not wish to press the pace of Canadianization of foreign energy holdings in the years ahead. It is expected that increases in Canadian ownership will come largely through participation in joint ventures and active involvement of Canadian companies in exploring for and developing new oil and gas resources.

The third approach to foreign investment is our system of monitoring or reviewing as embodied in the Foreign Investment Review Agency [FIRA]. FIRA and its Australian counterpart are the best known one-stop integrated processes for reviewing foreign investment activities in the world. Most other countries have taken a diffuse approach and have put in place a multiplicity of legislative provisions, regulations and administrative procedures to prohibit, restrict or otherwise control the activities of foreign investors in their territories. Our view is that the integrated approach, while it can be improved, is the better one for us.

Let me give you some facts. Fact one is that the scope of the FIRA process is quite limited. In 1981, proposed direct investment reviewed by FIRA amounted to \$2.6 billion. In the same year, however, the value of Canadian assets held by foreign-owned companies already doing business in Canada increased by \$25 billion primarily due to new investments in current and related business not subject to review. Portfolio investment or non-controlling share ownership, and bonds and debentures issued by Canadian businesses and governments totalled \$10.8 billion in 1981, none of which was subject to FIRA review.

Fact two: FIRA approves the great bulk of foreign investment proposals, over 91 per cent on average over the eight years of FIRA operations.

Fact three: The FIRA process is not arbitrary nor uncertain although the weight given to five factors considered in each case may vary. These factors include: the effect on economic activity, including the use of Canadian inputs and exports; (2) the degree and significance of participation by Canadians; (3) the effect on productivity, industrial efficiency, technological development and innovation and product variety; (4) the effect on competition; and (5) the compatibility with national industrial policies, taking into account provincial policies.

Fact four: During the past year a number of announcements have been made to streamline FIRA. The processing time on cases has been reduced and the review process expedited through increasing the small business size limits, the issuance of inter-

pretation notes on legal aspects of the Act and formal opinions on reviewability, and the announcement by the responsible minister of the formation of an advisory panel drawn from the private sector.

If the policies of Canada and other predominantly host countries have been criticized from time to time, particularly by the USA, as being too nationalist, I would be remiss in not mentioning a nationalist element in US policy, as a home country, that is extremely detrimental to the international investment climate. This is the insistence by the US in applying its domestic laws to the foreign affiliates of US MNEs in some circumstances, particularly strategic export controls, against the will and policy of the host country with jurisdiction over that entity. I need hardly dwell on the complications such actions produced last year in the Siberian pipeline. We find such actions unacceptable, legally and politically, and very negative economically if for no other reason that they put US MNEs into difficult circumstances and call into question whether they can be good corporate citizens in the countries in which they operate. We hope the USA will take appropriate action to correct this problem.

The sum total of Canadian measures, I would submit, represents a minimal and flexible response to the situation of a major host country in which Canada finds itself. Nor do we consider ourselves in bad company. While Canada is not as prone as the USA to criticize the restrictive elements in the investment policies of other countries — I do not wish to dwell here on how France, Japan, Australia, or Sweden, pursue their objectives — they do exist, as perhaps you in the private sector know better than I. Judging from the continuing increases in applications to FIRA the Canadian measures have not, nor do we intend to let them, hamper the positive role that foreign investment has played in Canada, but they do provide the context in which such positive contributions can be made. We are for a liberal international investment environment, and for the fair and equitable treatment of MNEs under international law. In fact, in recent years Canada has been a net exporter of direct investment as Canadian MNEs have grown. But we are also sensitive to the concerns that can exist about foreign control of any economy. From time to time national policies may entail some deviation from the very positive precept of national treatment to protect essential economic interests, or some restrictions on the establishment of foreign investors.

As I said at the beginning, investment is not the only area in which economic nationalism can manifest itself. Trade policies or specific trade measures can also be motivated by nationalistic objectives which may not correspond entirely to basic economic interests. Indeed, one would be hard put to find an example of a country whose trade policy applies the principles of free trade in all respects. As regards agriculture for instance, most countries would attach some priority to ensuring security of food supplies through the maintenance of domestic production although they could be obtained more cheaply from imports. The same holds for other sectors considered vital for the preservation of some measure of economic independence. In

most countries, procurement from domestic sources over foreign imports is given support, sometimes through legislation, as we see in a number of US measures. Exports may be restricted for security reasons. Such policies and measures affect international trade.

In times of economic difficulties, such as we have been experiencing over the last few years, the tendency to protect domestic industry from the brunt of foreign competition becomes much greater. Governments are under strong pressures to enact measures aimed at preserving employment either through actions at the border to limit imports or through export support mechanisms such as subsidies which distort international trade. The last few years have witnessed a multiplication of measures affecting trade ranging from regular safeguard actions taken under the GATT to bilateral arrangements (such as voluntary export restraint agreements) to subsidized exports and fierce export credit competition. You are also well aware of proposals now before the US Congress for domestic content legislation and for trade reciprocity legislation.

I am not saying that all these measures are illegitimate or unjustified. Indeed safeguard actions constitute an integral part of the international trade system embodied in the GATT: countries have the right to resort to safeguards when imports create or threaten to create injury for domestic producers. What I am saying, however, is that the rise in unemployment and the crisis situation in which many of our industries find themselves have engendered in some quarters a negative attitude towards imports: there is a greater tendency now to blame our economic woes on "unfair" competition from abroad and to justify protective measures by the fact that others are also resorting to them. This is a trend that must be resisted forcefully by governments if we are to avoid the disastrous experience of the Thirties.

Economic recovery will no doubt help to ease the pressures but we should not allow ourselves to become complacent about the threats facing the international trading system. The GATT ministerial meeting last November reconfirmed the international community's commitment to open trade and to resist protectionist pressures. It adopted a work program which, if implemented diligently, will help to restore the health of the trading system. The momentum achieved last November must be maintained and efforts must continue to preserve and strengthen the multilateral trading system.

Canada's stake in the open multilateral trading system is enormous. Approximately 30 per cent of our gross national product is generated by trade, which makes our economy one of the most open in the world. This means that our economy is even less insulated than others from the trends in the world economy and the present crises has been felt particularly strongly in Canada in terms of high inflation, interest rates and unemployment. The Canadian government, like that of other industrialized nations, has been and continues to be under strong pressures to protect its industry

and, like others, we have been obliged to take temporary measures to safeguard employment. We have kept such measures to a minimum and have been very active on the international scene in defence of open trade. Indeed, for Canada, economic nationalism in the field of trade, dictates that we maintain a firm commitment to free trade and that we encourage others to adopt the same attitude. It is vitally important for us that our principal trading partners, and, in the first instance, the United States of America, maintain their markets open for our exports in the same way as we are determined to maintain our market open to their exports.

We have to work particularly hard to maintain the broad balance of interests in our trade and investment relations and avoid the narrow type of reciprocity conception, on a sectoral and national basis, that seems to have some credibility in the USA. Particularly if extended to the unagreed area of right of establishment of foreign investment, reciprocity would be a new and highly disruptive form of nationalist protectionism. It would vary trade and investment protectionism among economic partners and upset the broad balance of interests in the international economic system.

Coming from a country, Canada, that has not experienced the excessive levels of nationalism that have produced wars and hardship for other nations, I can be perhaps permitted a rather more balanced view of its economic variety. International economic welfare dictates that we should resist excessive nationalistic measures whether they relate to investment or trade. But common sense tells us that economically nationalist measures will continue to exist. The challenge is to understand the different national circumstances that are the basis for our policies and to work together to define generally accepted norms to keep economic nationalism under control.

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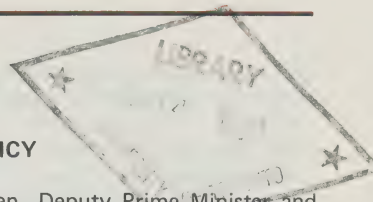
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No. 83/6



HUMAN RIGHTS AND CANADIAN FOREIGN POLICY

An Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Canadian Human Rights Foundation, Ottawa, April 22, 1983

I am pleased to have the opportunity to address the sixth annual conference of the Canadian Human Rights Foundation — devoted to the topic of human rights and Canadian foreign policy. I am especially pleased to be able to speak to you at a time when we have just passed an important anniversary for human rights in Canada and as we approach a landmark anniversary year for human rights in the community of nations.

This past Sunday marked the first anniversary of the proclamation of the new Canadian Constitution. That historic document, with its Charter of Rights and Freedoms, affirmed in an unequivocal fashion our fundamental determination to respect and guarantee the basic human rights of all our citizens in Canada.

The second anniversary of which I spoke is that of the Universal Declaration of Human Rights, proclaimed by the United Nations almost 35 years ago. Dr. John Humphrey, your Foundation's President, was present that day in December when the Declaration was adopted. And, as he will readily attest, that particular document was instrumental in moving human rights from the periphery of international relations to a central place in the conduct of foreign policy among nation states.

Since the adoption of the Universal Declaration, the international community has moved a considerable distance. The United Nations has elaborated more than 20 legal conventions and covenants. It has set standards for human rights, and opened for public scrutiny and debate the human rights records of many countries. Other agencies and organizations — from the International Labour Organization (ILO) and the United Nations Educational, Science and Cultural Organization to the Conference on Security and Co-operation in Europe and various regional organizations — have been equally active in widening the scope of human rights activities and in asserting the need for more effective measures of protecting fundamental rights.

The trend towards greater prominence for human rights in the conduct of international relations has been fully supported by Canadians. In their letters to me, to other members of Parliament and to the media, they have made their concerns known. They are shocked by torture, enforced disappearances and summary executions. They are unanimous in opposing the institutionalization of racism and the perpetuation of wars and conflict leading to massive flows of refugees. Non-

governmental organizations have been formed — and are certain to grow in number — to register their concern and to take action in their own areas of commitment.

The Canadian government fully shares these concerns. We support the efforts of Canadians who are moved by reports of violations and who are determined to act in defence of their fellow men and women in many parts of the world. Today, before a Foundation with a membership distinguished by its competence and experience in the fields of both domestic and international human rights, I want to emphasize the depth of this commitment, and to review with you some of the central aspects of Canada's approach to international human rights issues.

Canada's approach is one of dynamism and realism. We are determined to press forward on a number of fronts and in a variety of ways. We want to strengthen the international legal regimes which sustain the work of the UN, the ILO and other organizations. We need to fill gaps in such fields as inhumane treatment and punishment, and in freedom of religion and belief. In addition, Canada attaches a high priority to encouraging more widespread ratification of the existing human rights instruments, particularly the two international covenants. At the same time, we are seeking to improve the means for promoting and protecting human rights, through, among other things, better implementing machinery within the UN and more effective publicity for the human rights activities of the UN and other bodies.

Canada has stood firmly in defence of the Universal Declaration of Human Rights, and we have participated in the gradual process of elaborating new instruments based on enduring principles. We have also been pragmatic, building upon precedents and cases over the years, probing for new opportunities to secure breakthroughs — whether in a particular area, such as torture, or by means of a new mechanism, such as an investigative working group on disappeared persons.

I am committed to this dynamic policy on international human rights. It is essential that Canada respond to the legitimate concerns of Canadians, and it is entirely right and appropriate that we accord human rights its place as one of the main principles of Canadian foreign policy. But I am equally sensitive to the difficulties of promoting human rights effectively in a tougher, more hostile world. And for that reason, I believe Canadian policy should and must remain rooted in a certain realism — a realism that recognizes the principles to which we must adhere, and which, at the same time, acknowledges the constraints on our international activities, particularly in the current environment of distrust, disillusionment and insecurity.

Current international tensions impinge on human rights in many ways. In tough economic times, many governments merely pass off their problems to the poorest in their societies, adding thereby to the depth of their misery. In other circumstances, economic problems are used as excuses for added measures of repression, or for a more secure state of siege by authoritarian regimes.

The main political problems of the 1980s have complicated solutions to specific human rights issues. In such areas as Central America, the Middle East, Southern Africa and Southeast Asia, it has become difficult to isolate human rights problems from the political environment of confrontation. In East-West relations, human rights have become an increasingly prominent and divisive issue. The Helsinki Final Act, signed in 1975, set basic standards for the respect of human rights and fundamental freedoms and the freer movement of individuals across the frontiers between East and West. Lamentably, in spite of strenuous efforts on our part, the Soviet Union and certain other East European states still fall far short of meeting these standards.

Human rights have also — and unfortunately — been the subject of more frequent exploitation for other than humanitarian purposes. I am disturbed by this use of human rights principles as tactical weapons in larger wars of ideology or economic interest. It complicates the work of international organizations, and seriously compromises the ability of the international community to respond quickly and fairly to humanitarian tragedies.

These problems directly affect international efforts to promote human rights. International enforcement mechanisms, when and where they exist, are still very much in an embryonic stage. The concept of due process is not often appreciated. Much depends on how governments can present their cases, and whether there exists a degree of influence and persuasion which one government can exert on another government. Thus, the problem we share, as Canadians concerned with human rights violations in many regions of the world, is how to promote human rights in the most effective manner in an international environment which is less than favourable to the full promotion of human rights.

Canada's experience in human rights matters has enabled us to take different approaches to a variety of situations. Each situation, of course, has its own set of imperatives and complications, its own array of difficulties and areas for constructive action. In any situation, we have to keep one criterion in mind — effectiveness. This is the key guide to our actions, and the measure which determines how we proceed and in what ways.

Canada has paid special attention in the past few years to multilateral activities, particularly in the UN Commission on Human Rights. Here we have taken two main approaches. First, we have sought action on "generic" or thematic violations of human rights, such as torture or discrimination on grounds of religion. We have then sought to define these violations, and to put into place legal regimes which would progressively develop into protective bodies working against these violations. Second, we have sought opportunities to develop new human rights machinery for monitoring violations or acting upon reports of violations. The working group on disappeared persons is a notable example of a Canadian initiative combining both approaches in a single vehicle that has become increasingly effective since its initial creation in 1980.

The bilateral approach to human rights is equally important, and is an area of especially great public attention. Canada has not hesitated to speak out publicly and forcefully in many cases, for example with respect to human rights violations in Poland, El Salvador, Guatemala, South Africa, and Afghanistan. In keeping with our insistence on effectiveness, we have also used a variety of other channels, at different levels and on different occasions, to make known our concerns to the governments responsible.

Bilateral pressures can be effective. So, too, can concerted actions taken by a number of countries with respect to severe situations. But there are limitations and dangers, in any single approach, which have to be weighed carefully in advance.

Canada will not sell arms to any government whose human rights practices are wholly repugnant to Canadian values. Where gross violations of human rights or conditions of conflict make the provision of an aid program impossible, we are prepared to terminate or suspend our assistance, as we did in Uganda under Idi Amin and as we have done in El Salvador and Guatemala. But we do not break diplomatic relations, because it would serve only to deny us an important opportunity for contact and limit our abilities to make on-site assessments. Similarly, where our aid programs meet our principal objective of helping the poor, we cannot penalize the less fortunate for the errors of their governments. Cutting off trading relations by individual countries such as Canada is unlikely to be effective unless part of a concerted international approach to the problem.

To these two complementary approaches can be added another way in which Canada helps the cause of human rights, namely, humanitarian assistance. Although we can sometimes stop violations of human rights, it is frequently impossible to repair the damage to society, to groups or to individuals. Canada has responded generously to the victims of persecution. Our long-term commitment to those who are oppressed takes second place to no country. Our commitment continues, in the form of direct assistance to refugee organizations, in food aid and grants to non-governmental organizations, and in our acceptance into Canada of thousands of persons displaced by a variety of wars and tragedies.

Canada is determined to play an effective, responsible role in international human rights. Our policies are rooted in the values of compassion and concern which all Canadians share for the disadvantaged and the threatened. Our policies reflect a heritage which has always emphasized the primacy of rights and freedoms. They are a legacy of the more than 350 000 displaced persons who have found their way to Canada over the past 40 years in search of a country where principles of human rights are respected and honoured.

The commitment of the government in promoting human rights domestically and internationally is firm. Our record speaks for itself, and our willingness to co-operate

with you and other non-governmental organizations is a sign of our adherence to the principles enunciated in the Universal Declaration of Human Rights. You have an essential role to play. You have powers which complement those of government, and ways of influencing the media and other countries that we do not. You have contacts abroad that are unique and useful.

Together, we can achieve a great deal. We intend to continue the creative dialogue which we enjoy with non-governmental organizations such as your own. Even when we disagree on tactics or actions, we can unite around our common objectives. But the path is long and arduous. I count on organizations such as the Canadian Human Rights Foundation to help us along that path, and to help us back if we stray.



Statements and Speeches

No. 83/7

NEED FOR THE RENEWAL OF A DISCIPLINED AND COMPASSIONATE WORLD ORDER

Address by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the Canadian Institute of International Affairs, Ottawa, May 6, 1983

I am particularly grateful for the opportunity to speak with you this evening. The history and vitality of the Canadian Institute of International Affairs manifests a long-standing ethic of enlightened international concern and responsibility. Indeed, this ethic sustained the Institute and its members long before it was easy to demonstrate any very direct relationship between responsible internationalism and Canadian self-interest.

Tonight I wish to argue that even the narrowest of Canadian interests is now vested in and vitally dependent upon the political, economic and environment health and order of the globe. Despite the intensity of economic distress in Canada, the temptation to turn inward upon ourselves must be resisted. We cannot escape from the world; nor can we bring about a totally independent national recovery.

Though the budget has launched a broad program of measures we must take in Canada to assist ourselves, they will be for naught unless we also work with other countries to restore a compassionate and disciplined world order.

Some eight months ago, I addressed the opening plenary session of the boards of governors of the International Monetary Fund and World Bank in Toronto. On that occasion, I spoke of the collaboration at Bretton Woods of men and women of humanity and vision, whose enterprise and imagination played such a fundamental part in rescuing the world from the chaos of depression and war. The institutions to which they gave birth — the Fund, the Bank and later the General Agreement on Tariffs and Trade — reflected their perception that discipline and compassion were essential to a liberal world order. The succeeding decades of growth and development, of a scale and pace the world had never known, are a testimony to their vision. These institutions remain pillars of hope and progress today.

Of course, that is not the whole story of those bountiful decades. One thinks of other far-sighted acts which had their roots in the enlightened self-interest of nations. The Marshall Plan addressed the needs of a war-torn Europe, but also served to re-create markets for the vastly productive American economy. Out of the administration of the Marshall Plan in Europe grew the Organization for Economic Cooperation and Development. The European Economic Community was created. Within individual countries there emerged a growing confidence in the use of monetary and fiscal policies to sustain high employment. Investment in a wide range of industries responded to pent-up and new demands.

What went wrong? Many strains accumulated throughout the Seventies. The after-effects of rapid post-war growth, followed by food shortages, two Organization of Petroleum Exporting Countries shocks and the wage-price process produced intractable inflation. Deep-seated expectations of real income in-

creases persisted in the face of falling productivity and stagnant output. Overcapacity in traditional industries became evident around the world. New technologies and a flow of competitive goods from developing countries compounded the adjustment problems of industrial countries.

Viewed at the time as a surprisingly successful recycling of petro-dollars, massive lending by commercial banks to the upper tier of Third World countries, at largely negative real interest rates, came back to haunt us as a formidable debt and liquidity problem. The prolonged global recession, arresting growth and trade, has deepened the sense of crisis.

More fundamentally, I believe, our present distress had its origins in a loss of attention to the discipline and responsibility which were so much a part of Bretton Woods. Impelled by the great prosperity of the postwar years, nations sought more than their domestic economies and the international economy could deliver. The revolution of rising expectations had inflamed much of the world.

Money — as it has been so eloquently described — is more than an economic artifact. It is an idea, a central feature of civilization. The soundness of money depends, in a liberal society, on the predictability of its value, its stability, not only for today, but for the distant future.

The inflations which gathered momentum in the Sixties, and exploded everywhere in the Seventies, gave evidence of a diminishing appreciation of this fact. Even more seriously, divergent rates of inflation among countries demonstrated a weakening commitment to the international co-ordination of policies upon which the stability of the international economy, and of money itself, depends. In retrospect, one can see the forces which led to the collapse of the fixed exchange rate system, and particularly to the loss of international leadership by the reserve currency country, the United States. One can retrace the path of fatal departure from the cohesion and international leadership which had been manifested at Bretton Woods.

Many have quarrelled with the stringent policies which nations have felt compelled to adopt to arrest the disease of inflation. Interest rates, in both nominal and real terms, reached destructive levels and still remain disruptively high. I have been among those who believed that the mix of policies in the United States, particularly the size of the US deficit, contributed to this phenomenon and remains a contributor today.

I do not believe there is serious quarrel within the US Administration with this concern. But the level which interest rates reached also demonstrated how deeply embedded inflationary expectations had become. Clearly, the world would not have suffered so wrenching and destructive a recession if all nations had recognized earlier the cost of inflation, and the cost of its cure.

But enough of the past. What is our present condition, and where do we go from here?

(Translation)

It is apparent that in every industrial country a profound process of structural change is under way,

disguised by the cyclical impact of the current recession. New technologies are creating new industries, and displacing labour from old ones. There are new sources of supply of increasingly sophisticated goods from the newly industrialized countries. There are new sources of supply of traditional goods and minerals from the Third World. Within industrial countries there is a turning away from the traditional products of our manufacturers.

These forces compound our distress at a time when the global recession has stalled the creation of new jobs. Taken together with the dramatic rise in the number of people who seek meaningful work, these forces have created higher unemployment, and provoked what has been described as a sense of "moral" crisis in our societies. What is at stake, particularly for our youth, is the credibility of our values, our institutions and our way of life.

The non-oil producing countries of the Third World are being forced to bear a heavy deflationary burden. It results from the collapse of the world price of commodities they export; from the increasing cost of the goods they import, particularly oil; from the dramatic rise in the interest cost of servicing their expanded debt; and from the stagnation of world trade.

For the poorest of the developing countries, barely participants in the world financial and trading systems, constrained aid flows threaten their very survival and raise the spectre of starvation and political anarchy.

Even for the oil-exporting countries of the Third World, the weakness in world oil markets is imposing strains on those which, like Mexico and Nigeria, had become high absorbers of industrial goods and services.

What is most striking about this catalogue of difficulty is the overwhelming interdependencies of nations, not their particular differences. The recovery of exports in the industrial world depends increasingly upon growth in the Third World just as growth in the Third World depends upon access to our markets. Their debt problem threatens the stability of the international financial system, and thus the stability of the industrial world. The instability of commodity and energy prices is a threat to our welfare as well as to theirs. World-wide protectionist forces threaten the liberal trading system, the potential source of recovery throughout the world.

There are a growing number of moderate voices in the developing world calling urgently for new approaches to the common goal of sustained recovery. It would be a mistake of historical magnitude to answer these calls with silence. They warrant serious and pragmatic attention to the industrialized world, not simply for basic humanitarian reasons, but because of raw political concerns which impinge ultimately on the most fundamental objectives of mankind — peace and security for all.

When I addressed the Fund and Bank meeting in September, the impending crises seemed particularly stark. The realization of the depth of world difficulties had been sharpened by the sudden debt crisis in Mexico. Since that time, however, a number of developments have increased confidence and hope.

Perhaps most important, and most reminiscent of Bretton Woods, has been the enormous skill and resourcefulness displayed by an *ad hoc* coalition of the world's financial institutions, led by the International Monetary Fund. Composed of the Fund, the Bank for International Settlements and commercial banks, and with the support of sovereign authorities, — of course, by that I mean the central banks — this coalition has met the refunding, rescheduling and loan requirements of a number of countries.

Inflation has continued to retreat. Interest rates have come down. Protectionism, though the pressures continue everywhere, has not been as virulent and destructive as many had feared. Most governments recognize that protectionist policies are ultimately self-defeating.

A broad array of income support measures in the industrial world, while no substitute for jobs, seems to have prevented a tighter contraction of economic activity and employment. Falling oil prices have reduced a major burden for oil importing countries. And recently, confidence has grown that the process of recovery is beginning in industrial countries, particularly and most importantly, in the United States. But this hope must not be permitted to narrow our vision.

Clearly, the re-emergence of growth in industrial countries is a critical and necessary part of global recovery. Clearly, "getting our own houses in order" must continue to be a preoccupation of governments in the Western world in support of recovery. And clearly a continued decline in interest rates would contribute mightily to that recovery.

For some, this has become a sufficient prescription, a prescription not only for our own recovery, but also for global health. I regard these elements as essential to recovery, but not sufficient in themselves. We must go further if we are to give partial recognition to the stark interdependencies of our globe, and to the need for enlightened internationalism and leadership.

(Text)

So, in looking at where we must go, let me refer to a careful analysis of world prospects for 1983, delivered some weeks ago by Mr. Jacques deLarosière, the managing director of the International Monetary Fund. And for those who are concerned with North-South problems, problems of the preservation of the institutions of trade and of international financing, it is a seminal text with many statistics and some predictions. On the basis of Fund projections of growth, interest rates and oil prices in 1983, Mr. deLarosière estimates that the balance-of-payments deficit for goods and services among the non-oil developing countries will decline to \$70 billion in 1983, from \$90 billion in 1982.

That means that \$70 billion in net new financial flows must reach this group in the Third World, if they are to be able to finance a very modest increase in imports and pay the interest on their debts. Seventy billion dollars must be forthcoming if some among these countries are not to find themselves in deeper financial difficulties. The consequences of their further financial difficulty would be grave. At a minimum, it would mean further deflationary pressures upon those countries, leading to reduced imports from the developed world. At a maximum, it would again imperil the world financial and trading systems, which are the foundation of the global order.

As one who was at the meetings of the International Monetary Fund and of the Bank in September in Toronto, I can attest that there was a sense of awe and almost of panic. We feared that the Mexican difficulties, which came to a head then, would add to the Brazilian, the Argentine, the Yugoslav, the Romanian and all the other difficulties, and that not only one or two countries would go under, but that the whole structure of international financing might go under. And I repeat, the fact that this group was able to salvage the situation is a great testimony to the skill and dedication of the people who were there.

I believe that Mr. deLarosière intended to deliver a message of hope. But consider what formidable obstacles must be overcome for that hope to be more than mindless optimism:

- (1) The American-led world recovery must be strong and lasting, without restimulating the disease of inflation.
- (2) Real interest rates must fall further, both to support recovery and to ease the burden of servicing debts.
- (3) The recovery must be broadly based, so that the pressures for further protectionist and predatory damage to the world trading system will cease.
- (4) Seventy billion dollars must be forthcoming in financial flows to the non-oil developing countries.
- (5) Responsible economic management in debtor countries must be a precondition of additional credit flows. Because, as I will repeat later, the commercial banks will not be willing to lend that money unless they are certain that responsible financial management will be set in place in the debtor countries.
- (6) There must be greater stability in energy, commodity and foreign exchange markets.
- (7) And beyond all this, we must ask ourselves whether \$70 billion is not the narrowest calculus of a reviving world order — particularly for those countries and millions of people who lie virtually outside the world trade and payments systems. I am talking of course, of the poorest of the developing countries.

So there is obviously no room for complacency. A seamless web of forces is in play. American leadership is vital to success in managing all these problems. But the forthcoming Summit at Williamsburg must rekindle a fundamental spirit of enlightened internationalism. Summiteers must collectively demonstrate a deeper unity, a unity which spans several cultures and continents and engages the co-operation of all the democratic industrial countries.

Consider again the \$70 billion payments deficit which Mr. deLarosière has estimated for the non-oil developing countries for 1983. He suggests that this gap could be filled by flows of \$50 billion in core funding, largely official lending and aid, \$20 billion in additional commercial bank credits, and \$12 billion financed by the International Monetary Fund. Should they materialize, these flows of some

\$82 billion would fill the gap and also allow some very modest restoration of depleted reserves.

Mr. deLarosière would be the first to stress, however, that flows of these magnitudes are not yet assured. The \$50 billion in so-called core funding depends importantly upon the maintenance of official aid flows, including in particular the completion of funding of the World Bank's concessional arm, the International Development Association (IDA). Yet the final US contribution to IDA VI, a total contribution already stretched out over four years rather than the intended three, has still not been ratified by the Congress of the United States.

For its part, Canada has completed its contribution this year to IDA VI. Along with all donors except the United States, we will make an additional contribution next year at a level which will almost double our relative share. We are actively promoting efforts to ensure that the seventh replenishment of IDA gets under way soon, and at meaningful levels.

The \$12 billion of International Monetary Fund lending is not yet assured either, because of current strains on the Fund's liquidity. We must hope that these monies will be found. It is clearly critical, however, that member countries ratify — without delay — the recently agreed upon increase in quotas.

Perhaps most problematic of all is the need for \$20 billion of new commercial bank credits. Such a flow, if it is to occur, clearly depends upon the economic performance of industrial and Third World countries alike, and upon the readiness of banks to accept the risks associated with new loans. This readiness, in turn, will depend upon the capacity of developing countries to adjust their domestic policies in a manner which attracts continued flows of credit.

I am not trying to be an alarmist and, thus, perhaps, become the author of self-fulfilling prophecies. My purpose in dwelling on these real difficulties, not only in terms of assisting the Third World but in terms of preserving the very existence of the international financial and trading institutions, was to convey to you that the whole matter is embedded in a larger system of concerns. In other words, I was using the debt problem and the trade issue by way of example to underscore that those concerns form the broad agenda of a renewed search for international understanding and commitment. These concerns, and that commitment, I shall take with me to Williamsburg. In particular I shall pursue the following objectives :

(1) We must achieve a common resolve to meet all the conditions for global recovery, not just recovery in industrial countries. We must assure the world of our determination to see recovery continue in a manner which is durable and deep. This will require greater convergence in policies and performance, and a climate of confidence which will bring about a lowering of real interest rates, which in turn will inspire innovative and productive investment. In our country, Mr. Lalonde has included measures in the budget that are vital to success in Canada's most immediate challenge — the revival of investment, the creation of jobs and the reduction of intolerably high rates of unemployment. But global recovery is something else again. At Williamsburg we must consider measures which are required world wide, and which have to be carefully designed.

(2) We must come to grips with the continuing pressures on the international financial system, to ensure that the instruments, the resources and institutions are adequate to the tasks of both long-run global recovery and short-term emergency. Emergencies need to be met in a manner which is tailored to individual circumstances, and which honours the fundamental principles of prudence which guide both domestic economic management and the operations of the international banking system. However, I will urge my Summit colleagues to address the need for fully adequate financial flows to sustain Third World recovery, and to alleviate the deep deflationary pressures which now play on those economies. In this regard, I believe some of the proposals emerging from the Non-Aligned Movement merit careful study; and I look forward to the results of the IMF examination of the call for a further allocation of Special Drawing Rights.

(3) We must use the engine of recovery to remove trade barriers which were introduced as temporary measures during the period of recession. We were all a little bit guilty but not as much as in the Thirties when everyone was pursuing beggar-thy-neighbour policies. But we must commit ourselves to resist more subtle but equally destructive predatory trade practices.

(4) We must concern ourselves, as well, with the instability and uncertainty of energy pricing. I have spoken of the recent fall in prices as easing the burden of oil-importers. But it has also increased the difficulties of some oil exporters who have borrowed heavily of the strength of future oil revenues, in order to finance rapid development. We must ask ourselves whether the short-term benefit of lower prices is not offset by the potential for damaging shocks in the future, as oil markets tighten again. We must broaden our horizons to see what consumers and producers, jointly and severally, can do to minimize instability in supply and prices. We should try to remove the threat of uncertainty which frustrates the domestic goals of both groups. Above all, we must prevent a reckless slide into renewed shocks and distortions.

(5) Beyond the interlocking financial and economic interests of industrial countries and the newly industrializing countries of the Third World, we must look to the special needs of the poorest countries. Of the \$50 billion of core funding to which I have referred, only some \$10 billion flows to those poorest of countries. It is not in the interest of humanity — indeed, it is not acceptable to humanity — to see the prospects for these countries deteriorate further. Canada will ensure that its commitment to allocate 0.5 per cent of our gross national product to aid programs is achieved by 1985 and we will continue to concentrate our resources on the needs of the poorest countries.

(6) We must, as well, support and invigorate the key institutional areas of enlightened internationalism — the Bank, the Fund and the GATT. We must continuously find ways to strengthen the capacity and credibility of these institutions. We must facilitate closer political management of these bodies and create more effective links between them.

Such, Mr. President, are the six economic objectives I shall pursue at the Summit. For it is absolutely critical that we provide assurance that we have a shared and indivisible interest in the renewal of a disciplined and compassionate world order.

In bringing this agenda to the Summit, I believe I will be acting in the best interests of Canada, and carrying to the world the assurance of the best efforts of Canada.



Statements and Speeches

No. 83/8

CANADA'S POSITION ON TESTING CRUISE MISSILES AND ON DISARMAMENT

An Open Letter to all Canadians by the Right Honourable Pierre Elliott Trudeau,
Prime Minister, Ottawa, May 9, 1983

In recent months I have received a great number of letters and petitions protesting against the possible testing of cruise missiles in Canadian territory. Because it was physically impossible to send a personal reply to all those who had expressed their concerns to me, I gave a public response when I spoke last month at a dinner in honour of Vice-President George Bush.

Because this whole question continues to weigh heavily upon the consciences of those in government and the general public, I have now decided to address myself directly to Canadians through this open letter. My purpose is to explain the position of the Government of Canada on the testing of the cruise missile, and on the broader issue of disarmament.

By way of a preamble, let me point out that our freedom to discuss and argue issues is what gives our democracy its greatness and its strength; but that same freedom can also make us appear vulnerable in the face of Soviet totalitarianism.

In recent years, the Soviet Union has deployed hundreds of new SS-20 missiles, each equipped with three nuclear warheads, capable of reaching all the great cities of western Europe. However, there has not been any significant outburst of public opposition, either inside or outside the USSR.

That the Soviet people have not protested against this action of their leaders surprises no one. What is surprising, however, is that those in the West who are opposed to new nuclear weapons have remained relatively silent about the installation of the SS-20s. In contrast, they are now taking to the streets to oppose the possible deployment of American *Pershing II* and cruise missiles to protect Europe against the Soviet nuclear threat.

What is particularly surprising in Canada is to see protesters opposing the possible testing of cruise missiles in Canadian territory, but not opposing the fact that similar missiles are already being tested in the Soviet Union, as was confirmed in December by General-Secretary Andropov.

Because people in the free world feel powerless to influence the leaders of the USSR, there is a great temptation to direct the whole force of their anguish and their protests against the only decision-makers who are sensitive to public opinion, namely

the leaders of the democratic countries. Having convinced themselves that it is useless to denounce the SS-20s, people find it easier, I suppose, to forget about them. The strange result of this forgetfulness is that it somehow becomes possible to portray the Soviet Union not as the aggressor, but as the innocent target. This represents a curious amnesia and reversal of roles, which the Soviet leaders are quick to exploit for their own purposes.

They hope, obviously, that one-sided information, and one-sided protests, will lead to the unilateral disarmament of the West. Indeed, there is a segment of public opinion in western Europe which has already adopted that policy.

During the first special session on disarmament at the United Nations, I proposed, in the name of Canada, a strategy of suffocation. It was designed to smother, even in the laboratory, the development of any new nuclear weapons systems. Obviously, my proposal had to apply to both sides or to neither. There certainly was no suggestion in that proposal that the West should disarm unilaterally.

Because our strategy of suffocation was rejected by the Soviet Union, as evidenced by the continued deployment of the SS-20s, a weapon much superior to the SS-4 and 5, there was no question of urging its acceptance by the North Atlantic Treaty Organization (NATO) countries alone. That is why we allied ourselves with the "two-track" strategy of our NATO partners. Those two tracks are to seek to negotiate the removal of the Soviet SS-20s and, at the same time, to prepare for the deployment of new American missiles in Europe so as to pressure the Soviet Union toward serious negotiations, and so as not to leave our European allies in a vulnerable position, if the negotiations on intermediate range nuclear forces ended in failure.

Having declared our support for the two-track strategy, Canada should bear its fair share of the burden which that policy imposes upon the NATO alliance.

It is hardly fair to rely on the Americans to protect the West, but to refuse to lend them a hand when the going gets rough. In that sense, the anti-Americanism of some Canadians verges on hypocrisy. They're eager to take refuge under the American umbrella, but don't want to help hold it.

When we seek to apply moral principles to this issue, it's easy to become trapped in positions which are either too complex or too simple. The former can paralyze us. The latter can deceive us.

Into the trap of over-complication fall those who insist that no moral position is valid which does not take into account every possible future breakthrough in nuclear weapons technology, every possible future difficulty in detecting the actions of the other side. Into the trap of over-simplification fall those who are content to talk about

how many bowls of rice could be purchased for the price of a missile, or who condemn governments for spending anything at all on defence.

I do not deny that there is an element of truth and validity in an unconditionally pacifist position. I simply say that it is simplistic to ignore the real, complex and often immoral world to which our moral choices must apply. The Pope himself recognized this fact in a message he sent last June to the second United Nations special session on disarmament. "In current conditions," he wrote, "deterrence based on balance, certainly not as an end in itself, but as a step toward a progressive disarmament, may still be judged morally acceptable."

I believe that the Soviet peoples desire peace just as much as the peoples of the free world. But I also know that the Soviets are very heavily armed. In these circumstances, it would be almost suicidal for the West to adopt a policy of unilateral disarmament, or a policy of suffocating the development of new means of defending ourselves against the Soviet SS-20s. That is the kind of heroic moral choice which an individual could make in his personal life, but does anyone have the right to impose that choice upon a whole nation, or upon the community of free countries?

When the choice is between steadfastness or weakness in the face of totalitarianism, history should have taught us that to refuse to risk one's life in defence of liberty is to risk losing liberty, without any guarantee of saving one's life.

That is why the Government of Canada has chosen, not without anguish or full awareness of the risk, to join our NATO partners in adopting a policy of strength in reaction to the Soviet Union.

In supporting the two-track strategy of the Atlantic alliance, however, we shall insist that progress be made simultaneously on both tracks. This combination of steadfastness of purpose and willingness to negotiate seems to be bearing fruit, as witness the latest offer of General-Secretary Andropov to take into account the numbers of warheads as well as missiles.

Indeed, are we to think that this new-found flexibility of Mr. Andropov is a straightforward show of goodwill? Are we to believe seriously that, on two occasions since last December, the Soviets would have contemplated publicly a reduction of their nuclear forces if we had weakened in our resolve?

To me, the answer is clear. And it is absolutely essential that the United States continue its efforts to negotiate the removal of the SS-20s in exchange for the non-deployment of new American missiles in Europe, or at least to negotiate smaller numbers of missiles on each side.

I hope that my explanation of our policy will have established that, were we to agree

to collaborate in testing the guidance system of the cruise missile, it would be because of our solidarity with the other Western democracies, in a world which has turned a deaf ear to our suggested strategy of suffocation.

That being said, however, I would add that we should not abandon hope for the ending of the nuclear arms race.

All the people of the world, whether they be friends or enemies, value their own lives, and the lives of those they love. If the discovery of the terrible secrets of the atom gives us the power to destroy the whole planet, there is a still more powerful force which can save it — our love for our children, and our love of life.

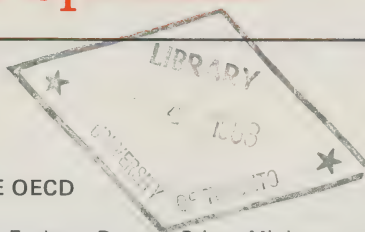
Therefore, I shall continue to believe that our strategy of suffocation is the best strategy.

The great powers of the world refuse to accept it now. But that will not stop us from repeating our proposal at every opportunity, until the recognition of its truth frees us all from moral anguish and from fear.



Statements and Speeches

No. 83/9



TOWARDS ECONOMIC RECOVERY WITHIN THE OECD

An Intervention by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, at the OECD Ministerial Meeting, Paris, May 9, 1983

The first quarter of this year has brought hope that the current recession has bottomed out. With rising output and steady or falling prices in many OECD (Organization of Economic Co-operation and Development) countries, the long-awaited recovery appears finally to be getting under way. Having waited this long, we should do all in our power, individually and collectively, to ensure that the recovery is conducive to sustained non-inflationary growth.

Such a recovery in the OECD countries would give hope not only for industrialized nations but for developing countries as well, providing them with increased export earnings with which to service their debts. Such a recovery will ease the very real pressures on the international payments system, relieve the fiscal pressure on our government budgets, and also enable us to maintain or increase the volume of aid flows to developing countries.

Let us not, however, be too complacent that sustainable recovery is assured. There are risks that the conditions for such a recovery may not be met. The threat to recovery lies in a number of possibilities: continuing high real interest rates; uncertainties over oil prices; or inadequate lending to major debtor countries. The countries of the OECD must continue to stand prepared, and be seen to be prepared, to take appropriate action to prevent untoward "shocks" to the world's economic system.

Critical steps have of course already been taken by the world community during the past year in the face of the major economic and financial challenge. Essential international co-operation among official and private sector participants has been achieved, at least on an *ad hoc* basis. A number of countries experiencing severe difficulties have introduced adjustment measures, with the help of the IMF, (International Monetary Fund). Agreement was also reached to expand the IMF's General Arrangements to Borrow and on the Eighth General Review of Quotas which will double IMF resources available for lending. The question of an additional allocation of SDRs, (Special Drawing Rights) is actively being studied by the IMF with the aim of allowing the Fund's managing director to make a recommendation on this issue at the IMF/IBRD (International Bank for Reconstruction and Development — World Bank) annual meetings in September. The World Bank has recently approved a special action program which accelerates disbursements of some \$2 billion in borrowing countries. Agreements were also reached on replenishing the resources of the three major regional development banks. Finally, we have witnessed the successful rescheduling of a growing number of countries' debts. These various efforts are to be commended. However, of themselves they give no cause for complacency as this over-all approach depends heavily on an early recovery and sustained commercial bank lending to LDSs, (less developed countries). I am encouraged by the manner in which commercial banks have responded thus far.

This approach also, of course, needs to be complemented to the extent possible by imparting a trade-expansionary dimension to the recovery process. If the developing countries are to benefit from recovery, we should recognize the operational imperatives of interdependence: not only do we need their markets and demand but they also need export receipts to enable them to buy our goods and services.

Moreover, the current preoccupation over the financial and debt problems facing many larger developing countries has tended to overshadow the desperate plight confronting a large proportion of humanity in the poorest countries.

Despite their crushing needs, however, two disturbing developments have emerged which give cause for great concern. One is the reduction, or at best, the dramatically reduced growth, in aid flows from OECD Development Aid Committee countries in the past two years. As far as Canada is concerned the government remains committed to the ODA/GNP (Official Development Assistance/Gross National Product) target of 0.5 per cent by 1985 and to deploy its best efforts toward the 0.7 per cent target by 1990. The second, related, problem is the continuing financial crisis besetting the World Bank's IDA (International Development Association) due to arrears in payments by the largest donor. Indeed, recent negotiations for IDA's seventh replenishment give little ground for optimism, with the possibility that nominal as well as real flows from IDA to the poorest countries will fall over the next few years. I think that this situation can only serve to motivate all donor countries to give the poorest countries, and institutions such as IDA, the high priority they deserve. In particular, I join with other DAC members in urging the United States to meet its commitments to IDA 6 and to work towards negotiating an adequate seventh replenishment.

We are now also on the eve of the major North-South meeting of 1983 — UNCTAD VI (United Nations Conference of Trade and Development) — and it is my hope that this important meeting in Belgrade will foster a constructive debate on the problems of the world economy. I therefore hope that this OECD ministerial meeting, and also the Williamsburg Summit, will be able to send a signal to the Group of 77 of our willingness to enter into such a debate. Our signal should, in my view, strive to enhance confidence in the ability of the existing international institutions to meet, and to adapt to meet, the needs of the entire international community. Canada stands ready to pursue in UNCTAD and other appropriate fora, practical proposals to current problems, and to consider on their merits specific proposals put forward by developing countries.

The OECD secretariat is to be congratulated on its work on interdependence. This work, carried out under the aegis of the North-South group, has provided us with valuable insights as well as a useful vehicle for debating the key issues confronting both North and South. I would urge the Secretary-General to continue this work over the coming year, as we collectively assess the results of UNCTAD VI and the evolving North-South dialogue.

Economic recovery strengthens our ability to contain protectionist measures, and progressively to relax barriers restricting trade, particularly those erected during the recession, as individual economies find room for growth to make this possible. We are committed to early and effective implementation

of the GATT (General Agreement of Tariffs and Trade) work program set out in the ministerial declaration of last November. We draw little comfort from the progress thus far.

There will be little difficulty developing customary rhetorical commitments to combat protectionist measures. I would hope however that we can move beyond pronouncements and act, individually and collectively, in a manner which demonstrates a clear political will to resist and where possible reduce protectionist measures. As a matter of priority OECD countries should seek to resolve issues dividing them. Only in this way can we expect to establish a standard of performance which will restore credibility to the trading system and provide a healthy basis for a trade-expansionary recovery offering benefits to all trading countries.

The work of the OECD secretariat and of the trade committee has been useful to governments in assessing their own performance relative to that of trading partners, and global trading performance and patterns over-all. We continue to support this work. As ministers, we have a collective responsibility to direct the activities and priorities of these multilateral institutions. Clearly, if they are to remain strong and effective, they need to be responsive and relevant to basic problems and political imperatives.

Economic relations with the centrally planned economies of Eastern Europe and the USSR have always been of some importance for OECD countries. Although over-all trade with the East is of relatively small significance when seen from a global perspective, it does have real economic importance for certain countries, sectors and firms. In this respect, economic analysis of East-West economic relations has intensified within the OECD over the past year. This is a positive development. It is important that we try to come to a common understanding of the nature of our economic relations with Eastern Europe. Canada has therefore welcomed suggestions to improve the data base and to facilitate discussion of policy issues from an economic perspective. I do not anticipate that we will all necessarily draw the same conclusions on each issue. But ongoing discussion and analysis will make an important contribution to our joint goal of ensuring that East-West economic relations continue to be conducted on the basis of a balance of advantages for both sides.

In sum, the issues we have on our agenda are of critical importance. I trust Canada can contribute not only to economic recovery within the OECD, but also to easing strains in the world trading and payments system in the months ahead.



Statements and Speeches

No. 83/10

FOREIGN POLICY AND THE PUBLIC INTEREST

Address by de Montigny Marchand, Deputy Minister (Foreign Policy), Department of External Affairs, to the fiftieth Annual Study Conference of the Canadian Institute of International Affairs (CIIA), Ottawa, May 7, 1983.

Anniversaries are invariably peculiar events. They may make us confident of what we have achieved in the past — or punctuate a determination to do things differently in the future. But always, I think, a little nostalgia is in order: a look back over our shoulder at where we started; a reassuring tug at our roots.

The surprise, very often, is that things really haven't changed very much. Our reaction, particularly in the field of foreign policy, is frequently not amazement at the fact of change, but astonishment that so much has stayed the same.

I draw this homily from a review of the first annual CIIA Study Conference, held in Montreal from May 19-20, 1934.

That conference, in addition to dinner at the Ritz-Carlton Hotel, offered two round table discussions: the first on Canadian social and economic policy, reported by K.W. Taylor, and the second on the collective system of security and Canada's place in it, reported by F.R. Scott.

Taylor's account of the economic discussion reviews, in terms familiar today, the vulnerability of our resource trade and commodity markets, the burden of maintaining a coast-to-coast infrastructure, and the high cost of government services.

F.R. Scott's round table on collective security was equally prescient. In discussing the hazards of isolationism for Canada, he reports what we can construe as a very early version of the Third Option.

I quote "...an attempt at isolation will necessitate our quitting the Commonwealth, and this will merely bring us more than ever within the sphere of American imperialism".

Thus we see our predecessors, of 50 years ago, up against the same hard realities which animate our internationalist approach today. The logic which led them to conclude that Canada had no choice but to work for a collective security system was different then. Their conclusion, and our own, are the same.

We may have over-achieved with regard to another recommendation which emerged at that session about the parliamentary side of our organization. Scott writes that "one needed development is the appointment of a full-time minister as head of the Department of External Affairs". Today, of course, we have three ministers, all very much full-time.

I can offer a further uncanny example of continuity in our national preoccupations. Your annual report in that year of 1934 notes the commissioning of papers for a forthcoming conference. They include: "The effect on Canada of the recent monetary policy of the United States" and "The effect on Canada of the recovery program of the United States". Moreover your annual report for 1933 records, somewhat wistfully, that "it is hoped that someone may be found to prepare a paper on the influence of Japanese economic expansion on Canada".

So there is more than nostalgia available from a look back at the early work of the CIIA. There was in evidence then, as there is in evidence today, a deep and detailed review of Canadian interests, policies and organization in foreign affairs. And there was a clear focus on the same two priorities which override all others at the present time: our economic health, and our security within a collective system.

But let me not overstate the case of continuity. Massive changes have assaulted our country and the global system. What gives us a strange fascination with the period dominated by the First World War is a dimension beyond nostalgia. It is a disturbing apprehension of similarity, a sense of lessons to be learned: lessons from the collapse of a balance-of-power security system in 1914, or from the disintegration of an economic system in 1929, or from the political extremism and social strains which characterized the inter-war period.

Many broad themes connect us with your predecessors. I intend to cluster my remarks around one of them, which strikes me as particularly appropriate to this occasion: the situation of Canadian foreign policy within a matrix of public attention, of public interest, and public pressure.

I want to explore the assumptions which underlie this meeting, your Institute, and indeed much of Canada's foreign policy work: that the stimulation of an informed opinion on foreign affairs is a force for good; that information leads to enlightenment; that the search for concordance between what governments think, and what the public thinks, takes on vital importance in times of strain.

The first problem is that there is not one public with one voice, but many publics with many voices. Those voices may not agree. They may drown each other out. They choose different channels of information, of communication, and of pressure. They animate conflicting or co-operating institutions.

The second problem is that in society at large, as indeed in government itself, we all suffer from a limited span of attention. There are only so many issues which can be kept in focus at one time. Even to identify those issues, to spot them in the surge of information-overload, is a constant challenge for all of us.

Another question is the role of the media. I think we have now virtually reached the point where no idea, policy or event can enjoy more than the most shadowy existence unless it has been consecrated with reality by the media of mass communications. Events in Poland have the immediacy of our own living room. They are, in a word, being mediated. Events in Ethiopia, on the other hand, might as well be taking place on another planet. They are, tragically, no more than an occasional blip on the public screen.

A further problem area is the distinction, real or perceived, between what governments may call the national interest, and what others may appeal to as the public interest. Authoritarian regimes allow no daylight between national interest and public interest. Harmonious societies show considerable overlap between these two terms. Tension invariably arises when such slippery concepts are seen as moving off in different directions. But who is empowered to speak for the public interest beyond those elected to do so? Can national positions be fully grounded in public consensus at all times? How much complexity — or how much secrecy — can even the most literate public be expected to tolerate?

I raise these problems and questions not so much to answer them directly, but by way of defining an approach to our own Canadian experience of foreign policy and the public interest. Because there is no doubt that we are a peculiar country — always at odds with geography, frequently at odds with our environment, and often at odds with ourselves.

Your own Institute provides a good benchmark for the evolution of the public interest. The trauma of the First World War created a profound resolve to impose, on politicians and generals, the checks and balances of public opinion. There was in the postwar period a revolution of rising consciousness about international affairs, drawing on the new power of radio and the press, and focused on the Versailles Peace Conference.

There was a clear determination to promote an internationalist spirit of enlightenment among populations, as well as among governments. The CIIA was, and remains, in the forefront of that movement. Of all the forces unleashed by the First World War, the concept of a public interest — which the public would itself express — must rank among the most formidable.

By contrast to your pioneering work 50 and more years ago, the landscape of the Canadian public interest is today a highly developed and sophisticated scene. In Parliament, standing committees of House and Senate have made considerable impact in defining issues and exploring alternatives, assisted by the Parliamentary Centre for Foreign Affairs and Foreign Trade. Universities and their inhabitants tend increasingly to speak a language comprehensible to policy-makers. Trade, travel or residence abroad have educated a generation in the realities of international affairs.

Today we face an imposing array of churches, unions, municipalities, service groups, fishermen, environmentalists, hawks, doves, nationalists, continentalists and globalists. We must be alert to those advocating the rights of our own and other species; the needs of the wheat trade and of outer space; the interests of regions, languages and provinces; the competing priorities of development, the environment, technology and our quality of life. And many of these advocates, of course, are so strongly committed to their own particular interest that their expectations can be met only at the cost of someone else's, equally cherished, special interest or concern.

How is national policy made in the midst of this bedlam of advocacy and contention? How does a democratic and pluralist society produce a united and coherent foreign policy? Let me explore a few case studies which strike me as pertinent to that question.

First, a look at the crowded intersection between cultural affairs and foreign policy. The Canadian cultural community is a vibrant one: in the performing and visual arts; in creative and scholarly writing; in peaks of excellence from rock music to handicrafts, in team sports and board games. That cultural community, which today embraces a strong industrial component, has numerous international interests.

They look abroad for centres of comparison, for critical audiences, for the prestige of a European tour, for markets, for employment opportunities, for access to libraries and archives, for tournaments and competitions. They welcome incoming visits from foreign countries of exhibitions, orchestras, and touring companies. That two-way traffic is rightly considered essential to sustaining vitality and high standards in the cultural community.

Well, where does foreign policy fit? What is the role of government and of the Department of External Affairs? The government's stated aim for international cultural relations, or cultural diplomacy as it is often called, is not only to develop the flow of cultural manifestations to and from Canada. It must also ensure that the funds spent on cultural promotion are spent in accordance with and in support of our nation's foreign policy goals.

Examples at the margin are straightforward. The government is not going to finance or facilitate an evening of Canadian theatre in South Africa before a whites-only audience. Nor send the RCMP musical ride to North Korea. But there are more central areas of contention. Should we only finance cultural tours of Western Europe and the United States, admittedly the centre of much that is excellent in our culture, and exclude the range of other countries, in Asia, Africa, or Latin America, with whom we are working to develop closer ties?

And can our cultural manifestations, without in any way compromising their integrity, serve to draw international attention not only to themselves but also to a more congenial image of Canada as a mature political and economic partner? This is not to press culture totally to the service of the state, as is done by some countries. But it is to recognize that cultural diplomacy is a thoroughly modern instrument of foreign policy.

Such a rationale, broadly interpreted, underpins the work of the National Film Board, and animates another under-valued asset: the International Service of the CBC. The objectivity and independence of those organizations clearly demonstrate that government has never taken an Orwellian approach to cultural funding. And their good work shows the ability of cultural instruments to serve the interests of the country as a whole.

Just as culture can never be captured by foreign policy — and governments are involved in only a small percentage of total cultural exchange — so foreign policy must also resist capture by special interests such as the cultural community. (You will judge from that comment my reaction to the recent proposal of a separate Agency to operate international cultural relations.) We must work together in resolving our respective country and audience priorities, and in matching manifestations to markets. We must also open our minds to the cultural ties expected from us by influential Third World countries, reassess the role of exchanges in East-West relations, and balance our "rocks-and-logs" image in Japan or Brazil.

In sum, the message of the international cultural relations case study is that culture adds a welcome and essential component to Canada's foreign policy. There are significant areas of congruence between our national purposes and the goals of the cultural community. But there must also be recognition that the work of government on behalf of culture must take into account more than the individual preferences and ambitions which the cultural community will promote.

Let me offer another example of foreign policy and the public interest by way of illustration. Few issues have so stirred the Canadian public in recent years as the prospect of testing the guidance system of unarmed Cruise missiles in Canadian territory. It is a question which throws out, in its wake, the fear of nuclear war, the spectre of individuals pitted against governments, the nature of leadership in competing alliances, with reminders of our own geopolitical situation, and of the inherent uneasiness with which Canadians approach matters of national security.

Is there a dangerous distance here between the national interest and the public interest? I dare to think not. First because successive Canadian governments, and your own First Study Conference, have seen no alternative for the defence of Canada other than within a collective security system. In so far as a government can be confident of acting on the basis of public consensus, I believe that to be a proposition endorsed by most Canadians.

Equally, I believe there is a broad acceptance of the fact, demonstrated in two world wars, that Canada's security is intimately bound up with the security and stability of Europe. This is by no means merely an intellectual matter. Our primordial ties with Britain and with France have been broadened by the emigration of peoples from all parts of Europe. They too look back to their roots with affection and apprehension. Thus there is a strong emotional, as well as a strategic, political and economic commitment to the fate of Europe.

That commitment is embodied, in the postwar world, in the North Atlantic Treaty Organization (NATO). Successive Canadian governments have enjoyed a reassuring degree of trust and support for our founding membership in NATO, and for our continued obligations within its political and military structure. Indeed, our NATO commitments have on occasion been more vigorously reviewed by government itself than they have by any significant sector of public opinion.

Underlying our NATO commitment is an assessment of the probable source of threats to peace. Again, most Canadians share a concern at the rapid build-up of nuclear arms by the Soviet Union, and at Soviet deployment of intermediate-range missiles which menace the stability and security of our European allies — allies who, it is important to recall, were the first to seek means to balancing an intolerable threat to their security and to their political integrity.

It is also important to recall that the means of dealing with that threat were not restricted to the crude counter-threat of military force. The possible deployment of NATO intermediate-range missiles has for over three years been coupled with a very clear offer to the Soviet Union to negotiate a stable balance of forces at the lowest possible level.

Those negotiations are now under way, supported by a solid base of consultation in which Canada is, I can assure you, taking an influential part. Most Canadians are surely in favour of these negotiations, and wish government to work for their success.

I believe that the several propositions which I have just set out are grounded in a Canadian consensus. They are further supported by the public opinion poll conducted last year by your own Institute. Therefore I am troubled by this ongoing case study in which the foreign policy framework for an alliance negotiation seems to be largely accepted and agreed, but our national participation in a collective strategy continues to provoke vigorous dispute.

I am further troubled by the implied polarization of opinion which the debate brings about. The government, its officials and its allies are not members of a war movement against which a peace movement must contend. Nor are we blind partners within the alliance. Canadians can, I think, be proud of their contribution over the years to a reduction of East-West tensions, to the maintenance of a stable and sensible deterrence, and to a moderation of what Lord Carrington recently described as "megaphone diplomacy". In recent years there has been a distinctive Canadian activism in the field of arms control and disarmament. We have proposed multilateral policy initiatives such as the strategy of suffocation — an idea whose success, of course, depends on acceptance by others. We are active in negotiating a comprehensive ban on chemical weapons, and in advocating the prohibition of all weapons in outer space. We are exploring new techniques of verifying agreed upon arms control commitments. Throughout these initiatives we benefit from extensive consultation with Canadian experts outside government.

Clearly we have in action a difficult interplay of apocalyptic symbolism, represented by the Cruise missile itself, versus the balanced arms control and disarmament policy which those of us in government perceive ourselves as carrying out. The pragmatism of a middle power, or the realism of an alliance member, have difficulty in competing for public attention with the apocalypse — even if our programs are designed, in a spirit shared with any peace march, to avert the nuclear catastrophe which we all fear.

The choices imposed by a collective security system are no easier now than they were 50 years ago. We are not fair-weather members of the alliance, and we are a full party to its decisions and negotiations. The difficulty of promoting public trust, and public understanding of issues complex beyond symbolism, has increased considerably.

My third case study in foreign policy and the public interest is about the Third Option, that much maligned, much misunderstood declaration by Mitchell Sharp which appeared in 1972.

The case of the Third Option is particularly instructive about the risk that any government runs when it attempts to "conceptualize" foreign policy. I happen to believe that the risk is tolerable — even essential. Nonetheless the articulation of virtually any policy concept serves quite naturally to provide a focal point or a target for the various expectations and conflicting interests of the foreign policy community at large.

What then, is the Third Option about? In a historical sense, it is no more than one of many contributions to a debate that is as old as the American Revolution or the British North America Act. It is, in part, about sharing a continent with the United States — one of the very few foreign policy issues in which public interest is wide and high, and attitudes are strongly held. Just as every parent is an expert on education, so every Canadian is an expert on the Americans.

In a more contemporary sense, however, the Third Option clearly shows its birthmarks from 1971. It does reflect a determination to moderate in future the shocks to our economy which USA measures delivered in that year. It does embody the concern for our sovereignty that dominated the 1960s and 70s and was articulated in *Foreign Policy for Canadians*.

The Third Option was also designed to come to terms with some international realities confronting our policies across the board: the political and economic integration of Europe, with serious implications for our traditional ties with Britain and other European partners; the emergence of Japan as an economic power of the first rank, with special interests in our Western provinces; a sense of shift in the balance and distribution of power which could offer new opportunities to the smaller industrialized democracies such as Canada.

But the key element in the Third Option was that it was not exclusively a foreign policy. The first option, you may recall, was to maintain the *status quo* with the USA, with a minimum of policy adjustments. The second option was to move deliberately toward closer integration with the USA. The third, and I quote, was: "... a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability".

It is difficult to understand how such a clear and straightforward, some would even say self-evident, objective could come to be described as: anti-American; bad for business; bound to undercut multi-lateral organizations; mindless diversification; and a doomed struggle against the realities of a continental economy. Moreover there is a key word in the Option which is frequently overlooked. That word is "long-term".

Among the risks of conceptualizing foreign policy is that it is seen to be time-bound. Some observers and commentators seem to regard a policy concept as akin to a carton of milk — on the shelf, getting older and more unpalatable and, written in the upper right-hand corner, the words "best before 1983".

This approach, by the way, is often adopted towards the 1970 documents of *Foreign Policy for Canadians* as well as the Third Option. Naturally, no policy is eternal, nor does it foresee all probable events. The Third Option did not anticipate the oil shocks of the years immediately following. But sound policies, rooted in broad national realities and long-term goals, do not suffer instant obsolescence. They live as vectors of the national interest. They provide impulse, direction, and a conceptual framework on which the future may build.

The 1947 Gray Lecture by Louis St. Laurent, for example, was the first broad articulation of modern

Canadian foreign policy. Its principles of national unity, political liberty, the rule of law, human values, and the importance of undertaking international responsibilities, enjoy equal prominence in subsequent policy doctrine. The Gray Lecture spoke for a generation, but took on new life nearly a quarter of a century later in the themes of *Foreign Policy for Canadians*.

The dilemma for government is this: if it does not occasionally set out in public the principles of its foreign policy, it is open to accusations ranging from secrecy to “*ad hoc*ery” to incompetence. But once it does set out its principles, or even its options, it risks not only misunderstanding but also the accusation that the policy or its principles are old, stale, or overtaken by events. The public appetite for the new is not one that can easily or appropriately be fed by foreign policy.

Each of these case studies — culture, the Cruise, and the Third Option — is instructive in a different way about foreign policy and the public interest. There is the necessary co-existence of national and cultural objectives. There are the assumptions and premises about our national security, broadly shared between government and public, which nonetheless do not moderate a sharp debate over the testing of the Cruise missile. And there is the risk of misunderstanding occasioned by periodic statements of policy such as the Third Option.

Each of these issues also has a common thread in the role and impact of the media. They possess that consecrated reality which only the media can bestow. Press, radio and television themselves become actors in the debate, stirring a volatile chemistry of ministers, officials, groups, regions and publics. The media play a part not only in establishing what we should think about — but also in defining how we should think about it.

As an industry, the Canadian media are as sophisticated, intellectually and electronically, as anywhere in the world. As individuals, there are many outstanding Canadian reporters and commentators working in Canada and abroad. You will be hearing one of them later this morning. And yet I see a widening gap between those charged with directing or implementing Canada’s foreign policy, and those responsible for reporting or interpreting it for the public.

You will understand that I have to tread carefully here. The omnipotence of the media is an intimidating force for any bureaucrat to contemplate. But something is going sour in the media approach to foreign policy and I think it important both to say so, and to do something about it. The CIIA itself provides an interesting example. Journalists such as John Dafoe and John Nelson were instrumental in founding the CIIA. And yet today there is, on your national council of about 60 persons, only one journalist — no publishers or network executives, and, I think, not one representative of the communications heartland of Toronto.

The gap between foreign policy and the media has several dimensions: the increasingly multinational character of information transmission, which either lacks a Canadian dimension, or is given some extraneous “Canadian angle” *en route* to our homes; a serious divergence of objectives and priorities, without benefit of the healthy, even competitive exchange between journalists and diplomats which is found in so many countries. Hence the absence or violation of agreed on ground rules, a certain animus

against institutions or individuals, and a tendency to prefer gossip about policy process to the substance of policy itself.

The Kent Commission addressed this problem and identified a decline of professionalism in the management of foreign news by Canadian newspapers. The Commission says:

"A vicious circle is at work. There are few Canadian correspondents abroad. Consequently, the editorial staffs of Canadian newspapers include too few people with knowledge of the outside world. Consequently, they do not know how to handle foreign news well. Consequently, the editors are able to convince themselves that what they cannot handle confidently is not what the readers want."

I share the Kent Commission's concern about the nature of newspaper work on foreign affairs. In television, sensational film of a flood or an earthquake tends to displace the thoughtful commentary of a Joe Schlesinger, a David Halton, a Craig Oliver, a Peter Trueman, a Madeleine Poulin, or a Pierre Nadeau. It is disturbing to note this trend at a time when so many other elements of Canadian society are displaying renewed attention to international politics and economics. The media are, with the possible exception of radio, an uncertain intellectual force in the definition or interpretation of Canadian foreign policy. The world does not present itself with clarity in forty-second clips.

I do not ask for, or even expect, media agreement with one or another government policy line. What I look for, and I think you look for as well, is a distinctively analytic and interpretive capacity in foreign affairs, from a point of view which stimulates, challenges the Canadian public at large, and policy-makers in government. In so far as fault may lie with officials, and in large part it does. I recognize that we need to do more to inspire, to inform, to explain and to revivify a constructive dialogue with the Canadian media.

I should try now to pose a few final questions, and to draw a few conclusions from these highly personal reflections on foreign policy and the public interest.

We envy the homogeneity of some countries. We see in Japan, in France, in Singapore or in Israel, societies dedicated to a common ethic or a dominant priority. The shared assumptions of their university graduates, their trade unions, their entrepreneurs, and their media, seem to give those societies an ability to move internationally with solid purpose and concentrated energy. On the other hand, we look with occasional dismay at the diffusion of effective power within the American system, where the play of institutions, regions and special interests has never been more complex.

The question for Canadians is whether in practice we can do better than a ragged and uneasy coherence of competing groups and interests. Whether there is perhaps a silent majority which still expects our foreign policy to be something more than the sum of many parts. Whether fleeting coalitions, of national and public interest, can sustain the long-term dedication which must underlie the most significant linkages between domestic and foreign policy.

As always, there are trends and counter-trends. I fear that many of the single-interest constituencies

are now firmly in the grip of their own *idée fixe*. We can listen and we can accommodate, to some extent we can even manage certain contradictions, but we cannot avoid the overriding need for a policy which is a coherent synthesis of national interests and priorities. Tension with some single-interest groups is bound to continue.

In a democratic system, surely this is a sign of basic health, frustrating and contentious as the process of reconciliation may be. It is the challenge of foreign policy in a democracy to negotiate the alignment of national interest and public interest, and to build on consensus wherever it can be ascertained.

What is dangerous is the latent or apparent fragmentation of the public interest into competing and irreconcilable groups, whose common features are difficult to discern. Such fragmentation can paralyze policy, especially if it should be driven by a sensationalist media.

If there is an optimistic note to be stuck, I think it lies in the remarkable continuity to which I have referred on several occasions. The gravity-defying nature of our country and its place in the world impose on us, as they imposed on your first conference, on the authors of the Gray Lecture or of *Foreign Policy for Canadians*, certain limitations and preoccupations which are remarkably constant.

We are improving the mixture and the balance in our foreign policy of political, economic and security elements. But we cannot, as some countries can, assign clear dominance to any one of them. Nor can we afford, for our own long-term interests, to abandon the tradition of Canadian activism and idealism.

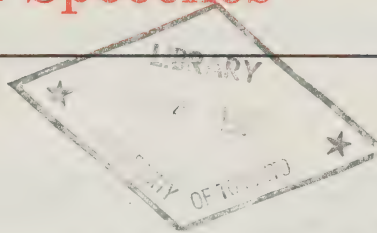
I think governments generally prefer to act on the basis of a congenial, rather than a compliant, public opinion. In Canada, however, we have to come to terms with latent fragmentation. We must be diligent in measuring our version of the public interest against the views of disparate publics themselves. There will be times when government exercises its leadership somewhat ahead of public opinion. And times when public opinion veers off in advance of policy. What all of us must seek always to ensure is that the natural discord of democracy does not become the terrible clamour of a nation unable to act.

Let me conclude by paying tribute to the Canadian Institute of International Affairs on its Golden Anniversary Conference: for your long tradition of enlightenment in foreign policy; for your dedication to the search for a national perspective beyond the interests of one or another group or region; and for your contribution to shaping the contours of both foreign policy and the public interest.



Statements and Speeches

No. 83/11



THE SITUATION IN NAMIBIA

Speech by the Honourable Gérard Pelletier, Permanent Representative, Ambassador for the Permanent Mission of Canada to the United Nations, to the Security Council, New York, May 31, 1983.

Mr. President,

I am grateful to you and to the Council for giving Canada the opportunity to participate in this debate, the subject of which is of critical importance not only to the lives and future of the people of Namibia but to all in southern Africa. It is a matter of particular satisfaction to do so under your presidency of the Council in view of the long-standing co-operation between our two countries. I am confident that under your distinguished guidance the Council will reach a constructive result and will bring us closer to our goal, the freedom and independence of Namibia.

Before turning to that issue, I want to join earlier speakers in expressing dismay at the recent South African attack on targets in Mozambique. Canada condemns that attack in violation of Mozambique's sovereignty just as it condemns the recent act of violence in South Africa. Both involved loss of life and injury to innocent victims. This pattern must be broken. We know change must and will come in South Africa; we hope it comes soon and in peace. For acts of terrorism and raids across national boundaries can only lead to the heightening of tension in the region and the risk of broader conflict.

For us in this Council, these events must also underline the urgent need to end the conflict in Namibia, and to implement the UN Settlement Plan.

Mr. President, as one of the initiators and drafters of the UN Settlement Plan for Namibia in 1978, Canada deeply regrets that the Security Council is still seized of the issue five years later, and that the people of Namibia are still unable to exercise their right to self-determination. We appreciate and share the concerns of the international community which have prompted the call for this Security Council meeting.

Earlier this week, the distinguished representative of the United Kingdom, Sir John Thomson, gave a comprehensive account of the negotiating history of this issue. He outlined the special initiatives that led to the formulation of the UN Settlement Plan and Security Council Resolution 435. He spelled out the committed effort undertaken by the Contact Group following the setback at Geneva to resolve the remaining problems and to clear the way for the implementation of the UN plan. I shall not therefore deal at length with the history of the issue. Suffice it to say that the intensive efforts which have been devoted to these negotiations during the five years have resulted in a substantial body of agreement.

That body of agreement has unfortunately fallen short, till now, of what is needed to secure implementation of a plan which no one challenges in itself. As Sir John suggested, this is not, however, the

time to falter in our commitment or our efforts. It is rather a time of persist, to build on what we have already achieved, and to succeed.

I should like, in this context, to thank the Secretary-General for his recent report which summarizes the activities of those involved in the negotiations for a settlement over the past two years. All members are well aware that when the Secretary-General took office he identified Namibia as one of his highest priorities. His frequent consultations and expressions of concern for the issue have added to the international pressure for a solution.

Recognition should also be given to the dedication shown by the Special Representative of the Secretary-General for Namibia, Mr. Martti Ahtisaari, and to the Secretariat as a whole. The work they have done in preparing for the civilian and military components of the UN Transition Assistance Group (UNTAG) has contributed immensely to the readiness of the United Nations to undertake the task which will face it on the day of implementation.

The special contribution of the Front Line States and Nigeria also deserves recognition. They have been unceasing in their efforts and have afforded close co-operation in the negotiations aimed at the early implementation of Security Council Resolution 435. The constructive attitude of our African partners has been important throughout our latest talks.

Their co-operation enabled substantial progress to be made during the intensive consultations last summer. During those consultations, difficult issues were addressed and resolved to the satisfaction of those involved in the negotiating process in Washington and New York:

- Understandings were reached on how to ensure the fairness and impartiality of the settlement process; and on the deployment of UNTAG.
- All parties agreed to a set of principles concerning the Constituent Assembly and the Constitution for an independent Namibia. These have been published in a Security Council document.

As a result of these consultations the only issues which remain outstanding are, first, the electoral system to be employed in choosing the members of the Constituent Assembly (and the context of the decision has been defined); and, second, some technical questions related to the composition of the military component of UNTAG.

In the light of the progress made, representatives of the Front Line States, Nigeria, SWAPO (South West African People's Organization) and the Contact Group met the Secretary-General on September 24, 1982 to report on the understandings which had been reached and to indicate what remained to be done. It was common to all that no insuperable obstacles remained in the context of Resolution 435.

Over the years of this negotiation, many issues have been addressed by one side or the other. Many obstacles have been overcome through discussions involving the United Nations, the Front Line States,

SWAPO, South Africa and the Contact Group. The legitimate interests of all the parties involved in the settlement plan have been weighed and taken into account.

These efforts have been made against the background of South Africa's illegal occupation of the territory. What remains to be achieved is its acquiescence and participation in the implementation of the UN Plan.

As the Secretary-General has pointed out, South Africa has made another issue in the region — outside the mandate of the Contact Group — a condition for the implementation of Resolution 435. These two matters have a relationship only in so far as one of the parties chooses to draw them together. Canada, for its part, does not accept the concept that the resolution of one should be conditional upon the resolution of the other. It is nonetheless evident that these regional security concerns exist and pose an obstacle. We understand they are being dealt with separately in bilateral talks. We hope that they may be resolved quickly — with full respect for the sovereignty of the states concerned — and that the people of Namibia may be given the opportunity to exercise their right to self-determination.

Our regret at past delays in the implementation of Resolution 435 does little to comfort those who must still face dislocation, conflict and the denial of political and human rights in Namibia. It is against this background that I should like to make three points:

The first is that an immediate, peaceful settlement is unquestionably in the best interests of all of the people of Namibia and of the countries bordering Namibia, including South Africa. That must be our guiding consideration. There is no other factor which can have equal weight with my government or with this Council.

Second, it is not a question of whether Namibia will achieve independence. It is a question of how soon it will do so and under what conditions. Canada will continue to exert its best efforts to ensure that the transition to independence comes soon and in conditions of peace.

That brings me to my third point. The people of Namibia have suffered in recent years not only from continuing conflict but also from conditions of uncertainty and protracted drought. They will face many challenges following independence, including the momentous challenge of developing their country and bringing benefits to all of its people. My government's hope is that they may be enabled to address those challenges in the context of co-operation within the region and with the support of all the countries which have shown a lively interest in the future of Namibia.

So far as Canada is concerned, I wish to leave no doubt that we should be happy to develop measures of economic co-operation with an independent Namibia, as we have with Zimbabwe and other countries following their independence. We look forward to that opportunity and also to the prospect of stability in the region. For we believe that the establishment of an independent and fully representative government in Namibia and the end of conflict will also increase opportunities for economic co-operation throughout the region.

Finally, I would suggest to all who have followed the debate that the future we envisage will, despite the fears and suspicions which hamper progress now, strengthen peace and security in southern Africa. Those of us who have sought a peaceful, negotiated solution in Namibia will not lose interest once our objective is achieved. I would recall, in this context, that the heads of government of the Commonwealth in 1975 declared their readiness to see Namibia join their club after independence. I am certain that they would be only too happy to receive a response to that invitation from the government of a free and independent Namibia in the near future.

Bearing in mind the particular responsibility of the United Nations and the Security Council for Namibia, my government hopes this debate and the adoption of a constructive resolution will hasten the implementation of Resolution 435. The people of Namibia deserve peace, and independence. They must be allowed to choose their future at the earliest possible date.

S/C



Statements and Speeches

SS 83/12

TWO MIDDLE POWERS FACING THE EIGHTIES

Speech by the Honourable Charles Lapointe, Minister of State for External Relations, to the Nigerian Institute for International Affairs, Lagos, March 30, 1983.

... I want to consider with you the role which countries such as Nigeria and Canada may play in the world of the Eighties.

There are, of course, many differences between us. With four times Canada's population — living on one-tenth of its area — Nigeria faces a set of demographic and other problems radically different from those confronting our widely scattered population. We tend to use energy to heat our homes and you use it to cool them.

Despite these differences, Canada and Nigeria may, in some sense, be seen as middle powers — countries which are not members of the super-power club but which have an important place in international relations because of the influence they exert and because of their active involvement in regional and global affairs. It may be worth examining the responsibilities which face countries such as this, and the hopes they may entertain for the future.

And hope is important in these difficult times. I was, indeed, heartened by the optimism displayed on a truck (or lorry) which was recently seen in Lagos. It evidently proclaimed to all the world that "No situation is permanent". I even refused to be downcast when I was told the next one said "No telephone to Heaven".

While it may be bold of me to include Nigeria, as well as Canada, in these reflections, there are probably enough parallels in our situation as middle powers to draw some common conclusions. A privileged forum such as this does, in any event, encourages some broader reflections which go beyond our official consultations.

Nigeria and Canada are no strangers to one another. Personnel connections and private institutional links were the first to be forged, primarily by teachers, students and advisers. During the past two decades, co-operation between our two governments, private commercial activity, educational exchanges and a variety of development projects have added new dimensions to our friendship. We have lived through a number of historical events together, and in that process we have come to know and understand each other better.

One experience common to Nigeria and Canada is that of bringing many different people together in a political structure based on consent.

Nigeria and Canada are both large and diverse federations. We are plural societies in which regional,

ethnic and linguistic factors are of great importance. Our histories have been histories of nation-building in a very real sense. We rely on public debate and a representative democratic process to reconcile differences and to define national objectives.

That process may be tumultuous at times — Canada's recent constitutional debate was not always calm and measured. Its great merit, however, is that it forces governments to respond to the wishes of their people, clearly expressed in public debate.

Has the diversity of our two countries, have our domestic experiences, shaped our approaches to international relations? I believe they have. We have both learned that tolerance, understanding, and accommodation are needed to make our own political systems work. I believe that they are needed in our international relations as well.

One of the classic definitions of foreign policy is "the pursuit of national interest". That does not, of course, answer the question of what is one's national interest. Nor does it define the international environment in which states operate, or how to relate the pursuit of national interest to the international environment.

These are not purely academic questions. They have led to controversy within Canada. For it was under our present Prime Minister, Pierre Elliott Trudeau, that the government of Canada undertook a comprehensive review of foreign policy, in the early Seventies, which declared that foreign policy must derive from national interests. That declaration set off a lively public debate about whether Canada was abandoning the internationalist approach to foreign policy through which Mr. Trudeau's predecessor, Lester Pearson, had earned respect for himself and his country.

Of course, the answer to such criticism must lie in how a nation defines self-interest and how, in doing so, it balances short-term political and economic concerns with less tangible or longer run values and objectives — including the health and vigour of the international environment in which states operate. The desired result is a foreign policy based on what might be called a sense of enlightened self-interest. While none of us would lay claim to a state of perfect enlightenment, I would submit that Canadian foreign policy over the past 15 years has reflected no decline in concern for key international issues or for the strengthening of international co-operation.

We have, of course, had to cope with an increasingly complex and turbulent international environment during those years. That has, in fact, caused us to extend — rather than narrow — the range of our activities abroad.

For Canada, promoting our national interest must inevitably involve many activities and concerns.

— We must be concerned about maintaining crucial bilateral relationships, to the east and west and south of us. Our Prime Minister once remarked that living with our great neighbour to the south was like sleeping with an elephant. It is a positive and profitable but sometimes disturbing experience.

Our relations with the United States are, inevitably, of premier importance because of the intense interplay between our two countries. Seventy per cent of our trade is with the United States. Policy decisions taken there may profoundly affect our economy. The centres of power in that country are dispersed and the decision-making process complex. Our relations with our southern neighbour thus require constant attention. We cannot afford to ignore what happens there.

Europe and Asia are also major partners in trade and investment. We have worked assiduously to broaden and deepen our relations with these countries — for their own sake and because of the alternative opportunities they offer.

Other relationships are also important. We feel we have an important vocation in Africa of which I shall speak later. But we also have interests which go beyond our bilateral relations.

— Our security requires stability in East-West relations. We seek it both through participation in a common defence system with the United States and Western Europe, and by active support for arms control and disarmament.

The decisions involved are often difficult ones. We took part in the NATO (North Atlantic Treaty Organization) decision to follow a two-track policy: to seek a reduction (or the elimination) of intermediate-range nuclear weapons in Europe and, failing that, to proceed with the deployment of such weapons by NATO, in response to those already installed by the Soviet Union. Let there be no doubt that Canadians, and the Canadian government, favour the arms-reduction rather than the arms-deployment option, and unreservedly endorse the proposal for an interim agreement which the United States tabled in Geneva on March 29.

— To grow as an industrial economy, Canada must find markets for its manufactured, high technology products as well as for its raw materials and semi-processed goods. That means building constructive relations with potential trading partners, and working for a liberal trading environment. It means keeping our markets open to foreign goods — no easy task, for politicians, when foreign imports disrupt local production and cause unemployment.

— As individuals, Canadians welcome cultural, political and economic ties with countries which share our languages and traditions. That is a major motive for working with our Francophone and Commonwealth partners.

Our lives, as Canadians, are richer and fuller as a result of our exchanges with them. As you know, I visited your West African neighbours in Guinea, Mali and Cameroun before coming to Nigeria, in order to promote co-operation with them, as well as with your country.

That reflects Canada's dual vocation as a bilingual country. It is part of the fabric of our relations with West Africa. It heightens our interest in the efforts you are making to strengthen co-operation within West Africa.

— Last, but far from least, there are key issues which derive from our society's fundamental commitment to social justice — the issues of political liberation and North-South relations. I would like to return to these later.

You, Mr. Director-General, and other students of Nigerian affairs, could no doubt identify similar objectives within Nigerian foreign policy. It may be a matter of avoiding or resolving conflict in the region; or sustaining the price and volume of your petroleum exports; or seeking markets for your tropical products.

I have, indeed, heard something of the last point during this trip. I should perhaps recall that Canada included processed cocoa products in its generalized system of tariff preferences because of representations from Nigeria and other cocoa producers. The signing of our Joint Economic Agreement and the creation of a Joint Economic Commission, one of the highlights of this visit, will provide a ready forum in which we can raise and pursue questions of this kind with one another in the future — in the pursuit of our national interests.

I have outlined a number of areas in which Canada and Nigeria may pursue their national interests bilaterally or with other countries. There are no doubt many others. But even the most exhaustive inventory of immediate concerns will not, of itself, represent a fully coherent approach to foreign relations. We obviously cannot leave out of the picture the international environment in which we operate.

Nigeria, the ninth most populous country in the world, a leader in Africa with great economic potential, has an evident stake in the broader framework. And so has Canada, as a major trading country with world-wide ties. What can countries such as Nigeria and Canada do to support and shape a favourable international environment in the world of the Eighties? A world in which, I would note, national governments are absorbed by slow growth within their own economies, high levels of unemployment, the slackening of the demand for their exports and the danger that newly erected trade barriers will block their access to markets. Paralleling these concerns are the concerns which have been expressed about the continued ability of our major international institutions to resolve disputes and find solutions, including the United Nations itself.

Let us look at some examples of what we are already doing to shape the international environment.

Nigeria has played a leading role in building and sustaining the Organization of African Unity (OAU) as a regional centre for consultation, co-ordination and the resolution of disputes. That effort embodies a far-sighted view of how this continent should grow, co-operate, and deal with conflict. May I say, from a Canadian standpoint, that we endorse your objectives and applaud your efforts. For an effective OAU, by strengthening co-operation within Africa, will enlarge the opportunities for co-operation between African states and their friends overseas.

A second example: Canada and Nigeria have taken a keen interest in decolonization and national independence in Africa — a matter, above all, of human dignity and human rights. Speaking for Canada, I would echo the points made by my Prime Minister when he visited Nigeria in 1981. We shall not waver

in our opposition to the policy and practice of *apartheid* in South Africa. It is an abhorrent system of discrimination and an affront to us all. We know that justice must — and will — come for the victims of racism. We hope that those in power will have the wisdom and foresight to bring about the needed changes in a peaceful way. And that they will not delay — for change will come.

We also share common goals with Nigeria in Namibia. You have worked with the Front Line States and we with the Contact Group to bring Namibia to independence. We have no other goal than that. We do not link the implementation of Resolution 435 to any other issue. We recognize Angola's sovereign jurisdiction over its territory and its right to live free from outside attack. We have condemned South Africa's incursions on its territory.

Our objective, then, is to see South Africa's illegal occupation of Namibia end. We have taken our stand on Resolution 435 and shall continue to do so. We hope that current consultations will lead to its early implementation. Like you, we are saddened that in March 1983, that has not happened. We deplore the intransigence that prevents it. We hope that South Africa will recognize that here, too, change must, and will, come.

We cannot fail to repudiate such denials of human dignity and human rights, whether in Africa or elsewhere. That reflects a pragmatic calculation as well as a moral concern. For a world which accepted such practices without protest (in Namibia — or in Afghanistan) would be a cold and dangerous world for us, a world where violence and conflict would inevitably grow.

There are other areas where we seek to shape or change the international environment. The United Nations Convention on the Law of the Sea represents a commendable effort to bring international order to the conduct of maritime affairs. The negotiations were thorough and comprehensive. They were, as you know, intended to establish an equitable basis for the use of ocean resources by all countries. None of us achieved all we wished. It is a matter of deep regret that some countries are unable to accept a convention which is a balanced and hard won compromise. I believe we should all accept the convention as the sole contemporary source of the international law of the sea.

Canada and Nigeria have long been involved in another arduous negotiation — in the Disarmament Committee in Geneva. Here, too, we should not falter in our efforts because progress is slow, and the decisions are not all in our hands. Progress towards arms control and disarmament will benefit every region. Both developed and developing countries will profit from reductions in military spending. Canada and Nigeria must work together to overcome the obstacles placed in our path by mistrust and suspicion.

I want to pay tribute, in this context, to the leadership given by Ambassador Adeniji in preparing the Second United Nations Special Session on Disarmament. We look forward to continued co-operation with your representatives.

There is one other major effort to alter and adjust the international environment in which Canada and Nigeria have been deeply engaged. That is the North-South dialogue. It has been pursued in various

bodies over a period of years — from UNCTAD (United Nations Conference on Trade and Development) and the Conference on International Economic Co-operation in Paris to UN plans for global negotiations and the Summit meeting at Cancun. Now a further UNCTAD meeting is pending.

It is not, of course, the forum that is crucial, but the commitment to work together in order to reduce inequities and foster economic growth — to bring justice to a world where economic dislocations strike hardest at the poorest and most vulnerable. That commitment must remain high on our agenda for the Eighties.

For the recovery of the world economy cannot be realized without co-operation in an inter-dependent world. Demand in developing countries is an important engine of industrial growth. Debt and financing problems are a continuing obstacle to trade. Controlling inflation is necessary to stimulate investment and industrial growth. And commodity producers such as Nigeria and Canada must look to renewed vigour in their export markets.

Selfish beggar-thy-neighbour policies only afford temporary relief. They increase inequities and weaken our capacity to work together. They multiply the distress of the poorest. It is unrealistic to expect the poor and the underprivileged to acquiesce in measures which may bring prosperity to others but not to them.

I should like to put these concerns in a particular perspective. We all know that funds available for concessional assistance from Organization for Economic Co-operation and Development countries have not increased sufficiently to meet the urgent requirements of international development during the past two years. Neither have the amounts available from capital-surplus Organization of Petroleum Exporting Countries.

Canada, for its part, remains committed to reaching a target of 0.5 per cent of gross national product by 1985. We shall make our best efforts to reach 0.7 per cent by 1990. Despite domestic difficulties our aid is growing in real terms.

Last year we contributed \$1.3 billion to assist developing countries. More than half was untied. One-third of the program was devoted to multilateral assistance. More than 70 per cent went to the less advanced developing countries.

So far as Africa is concerned, we provided bilateral assistance amounting to \$340 million, almost half of our total bilateral assistance. By way of comparison our imports and exports stood at \$1.2 and \$1.5 billion respectively. I hope both will continue to grow. For it is not easy to provide growing amounts of assistance at a time of high unemployment in Canada, when we have much spare capacity in our own economy. You may be sure we shall persist, but those who support development co-operation need all the backing they can get.

Let me note, as well, that we have 22 diplomatic posts in Africa. Half of them have been opened during the past 15 years. We were early supporters of the African Development Fund and we have been happy

to join the African Development Bank as a non-regional member. We have intensified our relations with the countries of the Continent, and expanded our co-operation with them in many fields.

Beyond the North-South dialogue, there is the multilateral system as a whole. It is obvious that countries such as Nigeria and Canada have an important stake in the operation and evolution of a stable and effective trade and payments system. We have an equal stake in the pursuit of justice and the maintenance of international security.

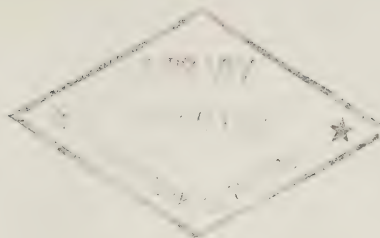
There is, unfortunately, a tendency in troubled times to take for granted the instruments of international co-operation: to assume that the United Nations, the international economic institutions and the specialized agencies will do their job while we pursue our own immediate and pressing concerns. That inclination may be heightened by a sense that we, as individual countries, can do little to influence events. Some countries may turn inwards and neglect the instruments of co-operation.

That would be a great mistake. It is, after all, the time and effort we put into the multilateral system, at some cost to ourselves, that will shape the world of the Eighties and beyond that. The effort requires patience and persistence. To achieve results, we must not lose that sense of tolerance, understanding and accommodation which we have learned in running our own countries. None of us can hope to shape the world in his image. But Nigeria and Canada — each in its own way fortunate in resources and potential — cannot escape the obligation to sustain and strengthen the international institutions which enable us to work together. That, too, is in our national interest.

The members of this institute study these matters closely. I would not wish them to take it amiss if I suggest, at this point, that foreign policy is more than calculation or systematic analysis. It is also a matter of human contacts and personal understanding. We turn naturally to those we like. We follow natural affinities and historical ties.

This magnificent country, dynamic and varied, conveys a sense of vitality to every visitor. Nigeria commands our attention as an important political and economic force, but it also engages our affection and respect. With this in mind, we very much look forward to strengthening our co-operation with you both bilaterally and in the international sphere.

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FOREIGN POLICY AND THE PUBLIC INTEREST

NOTES FOR AN ADDRESS BY
DE MONTIGNY MARCHAND
DEPUTY MINISTER (FOREIGN POLICY)
DEPARTMENT OF EXTERNAL AFFAIRS

AT THE 50TH ANNUAL STUDY CONFERENCE
OF THE CANADIAN INSTITUTE OF INTERNATIONAL AFFAIRS
OTTAWA, MAY 7, 1983

FOREIGN POLICY AND THE PUBLIC INTEREST

THANK YOU FOR YOUR KIND INTRODUCTION. GOOD MORNING
LADIES AND GENTLEMEN.

ANNIVERSARIES ARE INVARIABLY PECULIAR EVENTS. THEY MAY
MAKE US CONFIDENT OF WHAT WE HAVE ACHIEVED IN THE PAST -- OR
PUNCTUATE A DETERMINATION TO DO THINGS DIFFERENTLY IN THE
FUTURE. BUT ALWAYS, I THINK, A LITTLE NOSTALGIA IS IN ORDER. A
LOOK BACK OVER OUR SHOULDER AT WHERE WE STARTED. A REASSURING
TUG AT OUR ROOTS.

THE SURPRISE, VERY OFTEN, IS THAT THINGS REALLY HAVEN'T
CHANGED VERY MUCH. OUR REACTION, PARTICULARLY IN THE FIELD OF
FOREIGN POLICY, IS FREQUENTLY NOT AMAZEMENT AT THE FACT OF
CHANGE, BUT ASTONISHMENT THAT SO MUCH HAS STAYED THE SAME.

I DRAW THIS HOMILY FROM A REVIEW OF THE FIRST ANNUAL CIIA STUDY CONFERENCE, HELD IN MONTREAL, MAY 19-20, 1934.

THAT CONFERENCE, IN ADDITION TO DINNER AT THE RITZ-CARLTON HOTEL, OFFERED TWO ROUND TABLE DISCUSSIONS. THE FIRST ON CANADIAN SOCIAL AND ECONOMIC POLICY, REPORTED BY K.W. TAYLOR, AND THE SECOND ON THE COLLECTIVE SYSTEM OF SECURITY AND CANADA'S PLACE IN IT, REPORTED BY F.R. SCOTT.

TAYLOR'S ACCOUNT OF THE ECONOMIC DISCUSSION REVIEWS, IN TERMS FAMILIAR TODAY, THE VULNERABILITY OF OUR RESOURCE TRADE AND COMMODITY MARKETS, THE BURDEN OF MAINTAINING A COAST-TO-COAST INFRASTRUCTURE, AND THE HIGH COST OF GOVERNMENT SERVICES.

F.R. SCOTT'S ROUND TABLE ON COLLECTIVE SECURITY WAS EQUALLY PRESCIENT. IN DISCUSSING THE HAZARDS OF ISOLATIONISM FOR CANADA, HE REPORTS WHAT WE CAN CONSTRUE AS A VERY EARLY VERSION OF THE THIRD OPTION.

I QUOTE

"... AN ATTEMPT AT ISOLATION WILL NECESSITATE OUR QUITTING THE COMMONWEALTH, AND THIS WILL MERELY BRING US MORE THAN EVER WITHIN THE SPHERE OF AMERICAN IMPERIALISM."

THUS WE SEE OUR PREDECESSORS, OF FIFTY YEARS AGO, UP AGAINST THE SAME HARD REALITIES WHICH ANIMATE OUR INTERNATIONALIST APPROACH TODAY. THE LOGIC WHICH LED THEM TO CONCLUDE THAT CANADA HAD NO CHOICE BUT TO WORK FOR A COLLECTIVE SECURITY SYSTEM WAS DIFFERENT THEN. THEIR CONCLUSION, AND OUR OWN, ARE THE SAME.

WE MAY HAVE OVER-ACHIEVED WITH REGARD TO ANOTHER RECOMMENDATION WHICH EMERGED AT THAT SESSION ABOUT THE PARLIAMENTARY SIDE OF OUR ORGANIZATION. SCOTT WRITES THAT "ONE NEEDED DEVELOPMENT IS THE APPOINTMENT OF A FULL-TIME MINISTER AS HEAD OF THE DEPARTMENT OF EXTERNAL AFFAIRS". TODAY, OF COURSE, WE HAVE THREE MINISTERS, ALL VERY MUCH FULL-TIME.

I CAN OFFER A FURTHER UNCANNY EXAMPLE OF CONTINUITY IN OUR NATIONAL PREOCCUPATIONS. YOUR ANNUAL REPORT IN THAT YEAR OF 1934 NOTES THE COMMISSIONING OF PAPERS FOR A FORTHCOMING CONFERENCE. THEY INCLUDE: "THE EFFECT ON CANADA OF THE RECENT MONETARY POLICY OF THE UNITED STATES" AND "THE EFFECT ON CANADA OF THE RECOVERY PROGRAMME OF THE UNITED STATES". MOREOVER YOUR ANNUAL REPORT FOR 1933 RECORDS, SOMEWHAT WISTFULLY, THAT

"IT IS HOPED THAT SOMEONE MAY BE FOUND TO PREPARE A PAPER ON THE INFLUENCE OF JAPANESE ECONOMIC EXPANSION ON CANADA."

SO THERE IS MORE THAN NOSTALGIA AVAILABLE FROM A LOOK BACK AT THE EARLY WORK OF THE CIIA. THERE WAS IN EVIDENCE THEN, AS THERE IS IN EVIDENCE TODAY, A DEEP AND DETAILED REVIEW OF CANADIAN INTERESTS, POLICIES AND ORGANIZATION IN FOREIGN AFFAIRS. AND THERE WAS A CLEAR FOCUS ON THE SAME TWO PRIORITIES WHICH OVERRIDE ALL OTHERS AT THE PRESENT TIME: OUR ECONOMIC HEALTH, AND OUR SECURITY WITHIN A COLLECTIVE SYSTEM.

BUT LET ME NOT OVERSTATE THE CASE OF CONTINUITY. MASSIVE CHANGES HAVE ASSAULTED OUR COUNTRY AND THE GLOBAL SYSTEM. WHAT GIVES US A STRANGE FASCINATION WITH THE PERIOD DOMINATED BY THE FIRST WORLD WAR IS A DIMENSION BEYOND NOSTALGIA. IT IS A DISTURBING APPREHENSION OF SIMILARITY, A SENSE OF LESSONS TO BE LEARNED: LESSONS FROM THE COLLAPSE OF A BALANCE-OF-POWER SECURITY SYSTEM IN 1914, OR FROM THE DISINTEGRATION OF AN ECONOMIC SYSTEM IN 1929, OR FROM THE POLITICAL EXTREMISM AND SOCIAL STRAINS WHICH CHARACTERIZED THE INTER-WAR PERIOD.

MANY BROAD THEMES CONNECT US WITH YOUR PREDECESSORS. I INTEND TO CLUSTER MY REMARKS AROUND ONE OF THEM, WHICH STRIKES ME AS PARTICULARLY APPROPRIATE TO THIS OCCASION: THE SITUATION OF CANADIAN FOREIGN POLICY WITHIN A MATRIX OF PUBLIC ATTENTION, OF PUBLIC INTEREST, AND PUBLIC PRESSURE.

I WANT TO EXPLORE THE ASSUMPTIONS WHICH UNDERLY THIS MEETING, YOUR INSTITUTE, AND INDEED MUCH OF CANADA'S FOREIGN POLICY WORK: THAT THE STIMULATION OF AN INFORMED OPINION ON FOREIGN AFFAIRS IS A FORCE FOR GOOD; THAT INFORMATION LEADS TO ENLIGHTENMENT; THAT THE SEARCH FOR CONCORDANCE BETWEEN WHAT GOVERNMENTS THINK, AND WHAT THE PUBLIC THINKS, TAKES ON VITAL IMPORTANCE IN TIMES OF STRAIN.

THE FIRST PROBLEM IS THAT THERE IS NOT ONE PUBLIC WITH ONE VOICE, BUT MANY PUBLICS WITH MANY VOICES. THOSE VOICES MAY NOT AGREE. THEY MAY DROWN EACH OTHER OUT. THEY CHOOSE DIFFERENT CHANNELS OF INFORMATION, OF COMMUNICATION, AND OF PRESSURE. THEY ANIMATE CONFLICTING OR COOPERATING INSTITUTIONS.

THE SECOND PROBLEM IS THAT IN SOCIETY WRIT LARGE, AS INDEED IN GOVERNMENT ITSELF, WE ALL SUFFER FROM A LIMITED SPAN OF ATTENTION. THERE ARE ONLY SO MANY ISSUES WHICH CAN BE KEPT IN FOCUS AT ONE TIME. EVEN TO IDENTIFY THOSE ISSUES, TO SPOT THEM

IN THE SURGE OF INFORMATION-OVERLOAD, IS A CONSTANT CHALLENGE FOR ALL OF US.

ANOTHER QUESTION IS THE ROLE OF THE MEDIA. I THINK WE HAVE NOW VIRTUALLY REACHED THE POINT WHERE NO IDEA, POLICY OR EVENT CAN ENJOY MORE THAN THE MOST SHADOWY EXISTENCE UNLESS IT HAS BEEN CONSECRATED WITH REALITY BY THE MEDIA OF MASS COMMUNICATIONS. EVENTS IN POLAND HAVE THE IMMEDIACY OF OUR OWN LIVING ROOM. THEY ARE, IN A WORD, BEING MEDIATED. EVENTS IN ETHIOPIA, ON THE OTHER HAND, MIGHT AS WELL BE TAKING PLACE ON ANOTHER PLANET. THEY ARE, TRAGICALLY, NO MORE THAN AN OCCASIONAL BLIP ON THE PUBLIC SCREEN.

A FURTHER PROBLEM AREA IS THE DISTINCTION, REAL OR PERCEIVED, BETWEEN WHAT GOVERNMENTS MAY CALL THE NATIONAL INTEREST, AND WHAT OTHERS MAY APPEAL TO AS THE PUBLIC INTEREST. AUTHORITARIAN REGIMES ALLOW NO DAYLIGHT BETWEEN NATIONAL INTEREST AND PUBLIC INTEREST. HARMONIOUS SOCIETIES SHOW CONSIDERABLE OVERLAP BETWEEN THESE TWO TERMS. TENSION INVARIABLY ARISES WHEN SUCH SLIPPERY CONCEPTS ARE SEEN AS MOVING OFF IN DIFFERENT DIRECTIONS. BUT WHO IS EMPOWERED TO SPEAK FOR THE PUBLIC INTEREST BEYOND THOSE ELECTED TO DO SO? CAN NATIONAL POSITIONS BE FULLY GROUNDED IN PUBLIC CONSENSUS AT ALL TIMES? HOW MUCH COMPLEXITY -- OR HOW MUCH SECRECY -- CAN EVEN THE MOST LITERATE PUBLIC BE EXPECTED TO TOLERATE?

I RAISE THESE PROBLEMS AND QUESTIONS NOT SO MUCH TO ANSWER THEM DIRECTLY, BUT BY WAY OF DEFINING AN APPROACH TO OUR OWN CANADIAN EXPERIENCE OF FOREIGN POLICY AND THE PUBLIC INTEREST. BECAUSE THERE IS NO DOUBT THAT WE ARE A PECULIAR COUNTRY -- ALWAYS AT ODDS WITH GEOGRAPHY, FREQUENTLY AT ODDS WITH OUR ENVIRONMENT, AND OFTEN AT ODDS WITH OURSELVES.

YOUR OWN INSTITUTE PROVIDES A GOOD BENCHMARK FOR THE EVOLUTION OF THE PUBLIC INTEREST. THE TRAUMA OF THE FIRST WORLD WAR CREATED A PROFOUND RESOLVE TO IMPOSE, ON POLITICIANS AND GENERALS, THE CHECKS AND BALANCES OF PUBLIC OPINION. THERE WAS IN THE POST-WAR PERIOD A REVOLUTION OF RISING CONSCIOUSNESS ABOUT INTERNATIONAL AFFAIRS, DRAWING ON THE NEW POWER OF RADIO AND THE PRESS, AND FOCUSED ON THE VERSAILLES PEACE CONFERENCE.

THERE WAS A CLEAR DETERMINATION TO PROMOTE AN INTERNATIONALIST SPIRIT OF ENLIGHTENMENT AMONG POPULATIONS, AS WELL AS AMONG GOVERNMENTS. THE CIIA WAS, AND REMAINS, IN THE FOREFRONT OF THAT MOVEMENT. OF ALL THE FORCES UNLEASHED BY THE FIRST WORLD WAR, THE CONCEPT OF A PUBLIC INTEREST -- WHICH THE PUBLIC WOULD ITSELF EXPRESS -- MUST RANK AMONG THE MOST FORMIDABLE.

BY CONTRAST TO YOUR PIONEERING WORK FIFTY AND MORE YEARS AGO, THE LANDSCAPE OF THE CANADIAN PUBLIC INTEREST IS TODAY A HIGHLY DEVELOPED AND SOPHISTICATED SCENE. IN PARLIAMENT, STANDING COMMITTEES OF HOUSE AND SENATE HAVE MADE CONSIDERABLE IMPACT IN DEFINING ISSUES AND EXPLORING ALTERNATIVES, ASSISTED BY THE PARLIAMENTARY CENTRE FOR FOREIGN AFFAIRS AND FOREIGN TRADE. UNIVERSITIES AND THEIR INHABITANTS TEND INCREASINGLY TO SPEAK A LANGUAGE COMPREHENSIBLE TO POLICY-MAKERS. TRADE, TRAVEL OR RESIDENCE ABROAD HAVE EDUCATED A GENERATION IN THE REALITIES OF INTERNATIONAL AFFAIRS.

TODAY WE FACE AN IMPOSING ARRAY OF CHURCHES, UNIONS, MUNICIPALITIES, SERVICE GROUPS, FISHERMEN, ENVIRONMENTALISTS, HAWKS, DOVES, NATIONALISTS, CONTINENTALISTS AND GLOBALISTS. WE MUST BE ALERT TO THOSE ADVOCATING THE RIGHTS OF OUR OWN AND OTHER SPECIES; THE NEEDS OF THE WHEAT TRADE AND OF OUTER SPACE; THE INTERESTS OF REGIONS, LANGUAGES AND PROVINCES; THE COMPETING PRIORITIES OF DEVELOPMENT, THE ENVIRONMENT, TECHNOLOGY AND OUR QUALITY OF LIFE. AND MANY OF THESE ADVOCATES, OF COURSE, ARE SO STRONGLY COMMITTED TO THEIR OWN PARTICULAR INTEREST THAT THEIR EXPECTATIONS CAN BE MET ONLY AT THE COST OF SOMEONE ELSE'S, EQUALLY CHERISHED, SPECIAL INTEREST OR CONCERN.

HOW IS NATIONAL POLICY MADE IN THE MIDST OF THIS BEDLAM OF ADVOCACY AND CONTENTION? HOW DOES A DEMOCRATIC AND PLURALIST SOCIETY PRODUCE A UNITED AND COHERENT FOREIGN POLICY? LET ME EXPLORE A FEW CASE STUDIES WHICH STRIKE ME AS PERTINENT TO THAT QUESTION.

FIRST, A LOOK AT THE CROWDED INTERSECTION BETWEEN CULTURAL AFFAIRS AND FOREIGN POLICY. THE CANADIAN CULTURAL COMMUNITY IS A VIBRANT ONE: IN THE PERFORMING AND VISUAL ARTS; IN CREATIVE AND SCHOLARLY WRITING; IN PEAKS OF EXCELLENCE FROM ROCK-MUSIC TO HANDICRAFTS, IN TEAM SPORTS AND BOARD GAMES. THAT CULTURAL COMMUNITY, WHICH TODAY EMBRACES A STRONG INDUSTRIAL COMPONENT, HAS NUMEROUS INTERNATIONAL INTERESTS.

THEY LOOK ABROAD FOR CENTRES OF COMPARISON, FOR CRITICAL AUDIENCES, FOR THE PRESTIGE OF A EUROPEAN TOUR, FOR MARKETS, FOR EMPLOYMENT OPPORTUNITIES, FOR ACCESS TO LIBRARIES AND ARCHIVES, FOR TOURNAMENTS AND COMPETITIONS. THEY WELCOME INCOMING VISITS FROM FOREIGN COUNTRIES OF EXHIBITIONS, ORCHESTRAS, AND TOURING COMPANIES. THAT TWO-WAY TRAFFIC IS RIGHTLY CONSIDERED ESSENTIAL TO SUSTAINING VITALITY AND HIGH STANDARDS IN THE CULTURAL COMMUNITY.

WELL, WHERE DOES FOREIGN POLICY FIT? WHAT IS THE ROLE OF GOVERNMENT AND OF THE DEPARTMENT OF EXTERNAL AFFAIRS? THE GOVERNMENT'S STATED AIM FOR INTERNATIONAL CULTURAL RELATIONS, OR CULTURAL DIPLOMACY AS IT IS OFTEN CALLED, IS NOT ONLY TO DEVELOP THE FLOW OF CULTURAL MANIFESTATIONS TO AND FROM CANADA. IT MUST ALSO ENSURE THAT THE FUNDS SPENT ON CULTURAL PROMOTION ARE SPENT IN ACCORDANCE WITH AND IN SUPPORT OF OUR NATION'S FOREIGN POLICY GOALS.

EXAMPLES AT THE MARGIN ARE STRAIGHTFORWARD. THE GOVERNMENT IS NOT GOING TO FINANCE OR FACILITATE AN EVENING OF CANADIAN THEATRE IN SOUTH AFRICA BEFORE A WHITES-ONLY AUDIENCE. NOR SEND THE RCMP MUSICAL RIDE TO NORTH KOREA. BUT THERE ARE MORE CENTRAL AREAS OF CONTENTION. SHOULD WE ONLY FINANCE CULTURAL TOURS OF WESTERN EUROPE AND THE UNITED STATES, ADMITTEDLY THE CENTRE OF MUCH THAT IS EXCELLENT IN OUR CULTURE, AND EXCLUDE THE RANGE OF OTHER COUNTRIES, IN ASIA, AFRICA, OR LATIN AMERICA, WITH WHOM WE ARE WORKING TO DEVELOP CLOSER TIES?

AND CAN OUR CULTURAL MANIFESTATIONS, WITHOUT IN ANY WAY COMPROMISING THEIR INTEGRITY, SERVE TO DRAW INTERNATIONAL ATTENTION NOT ONLY TO THEMSELVES BUT ALSO TO A MORE CONGENIAL IMAGE OF CANADA AS A MATURE POLITICAL AND ECONOMIC PARTNER? THIS IS NOT TO PRESS CULTURE TOTALLY TO THE SERVICE OF THE STATE, AS IS DONE

BY SOME COUNTRIES. BUT IT IS TO RECOGNIZE THAT CULTURAL DIPLOMACY IS A THOROUGHLY MODERN INSTRUMENT OF FOREIGN POLICY.

SUCH A RATIONALE, BROADLY INTERPRETED, UNDERPINS THE WORK OF THE NATIONAL FILM BOARD, AND ANIMATES ANOTHER UNDERVALUED ASSET: THE INTERNATIONAL SERVICE OF THE CBC. THE OBJECTIVITY AND INDEPENDENCE OF THOSE ORGANIZATIONS CLEARLY DEMONSTRATE THAT GOVERNMENT HAS NEVER TAKEN AN ORWELLIAN APPROACH TO CULTURAL FUNDING. AND THEIR GOOD WORK SHOWS THE ABILITY OF CULTURAL INSTRUMENTS TO SERVE THE INTERESTS OF THE COUNTRY AS A WHOLE.

JUST AS CULTURE CAN NEVER BE CAPTURED BY FOREIGN POLICY -- AND GOVERNMENTS ARE INVOLVED IN ONLY A SMALL PERCENTAGE OF TOTAL CULTURAL EXCHANGE -- SO FOREIGN POLICY MUST ALSO RESIST CAPTURE BY SPECIAL INTERESTS SUCH AS THE CULTURAL COMMUNITY. (YOU WILL JUDGE FROM THAT COMMENT MY REACTION TO THE RECENT PROPOSAL OF A SEPARATE AGENCY TO OPERATE INTERNATIONAL CULTURAL RELATIONS). WE MUST WORK TOGETHER IN RESOLVING OUR RESPECTIVE COUNTRY AND AUDIENCE PRIORITIES, AND IN MATCHING MANIFESTATIONS TO MARKETS. WE MUST ALSO OPEN OUR MINDS TO THE CULTURAL TIES EXPECTED FROM US BY INFLUENTIAL THIRD WORLD COUNTRIES, REASSESS THE ROLE OF EXCHANGES IN EAST-WEST RELATIONS, AND BALANCE OUR ROCKS-AND-LOGS IMAGE IN JAPAN OR BRAZIL.

IN SUM THE MESSAGE OF THE INTERNATIONAL CULTURAL RELATIONS CASE-STUDY IS THAT CULTURE ADDS A WELCOME AND ESSENTIAL COMPONENT TO CANADA'S FOREIGN POLICY. THERE ARE SIGNIFICANT AREAS OF CONGRUENCE BETWEEN OUR NATIONAL PURPOSES AND THE GOALS OF THE CULTURAL COMMUNITY. BUT THERE MUST ALSO BE RECOGNITION THAT THE WORK OF GOVERNMENT ON BEHALF OF CULTURE MUST TAKE INTO ACCOUNT MORE THAN THE INDIVIDUAL PREFERENCES AND AMBITIONS WHICH THE CULTURAL COMMUNITY WILL PROMOTE.

LET ME OFFER ANOTHER EXAMPLE OF FOREIGN POLICY AND THE PUBLIC INTEREST BY WAY OF ILLUSTRATION. FEW ISSUES HAVE SO STIRRED THE CANADIAN PUBLIC IN RECENT YEARS AS THE PROSPECT OF TESTING THE GUIDANCE SYSTEM OF UNARMED CRUISE MISSILES IN CANADIAN TERRITORY. IT IS A QUESTION WHICH THROWS OUT, IN ITS WAKE, THE FEAR OF NUCLEAR WAR, THE SPECTRE OF INDIVIDUALS PITTED AGAINST GOVERNMENTS, THE NATURE OF LEADERSHIP IN COMPETING ALLIANCES, WITH REMINDERS OF OUR OWN GEOPOLITICAL SITUATION, AND OF THE INHERENT UNEASINESS WITH WHICH CANADIANS APPROACH MATTERS OF NATIONAL SECURITY.

IS THERE A DANGEROUS DISTANCE HERE BETWEEN THE NATIONAL INTEREST AND THE PUBLIC INTEREST? I DARE TO THINK NOT, FIRST BECAUSE SUCCESSIVE CANADIAN GOVERNMENTS, AND YOUR OWN FIRST STUDY CONFERENCE, HAVE SEEN NO ALTERNATIVE FOR THE DEFENCE OF CANADA OTHER THAN WITHIN A COLLECTIVE SECURITY SYSTEM. INsofar

AS A GOVERNMENT CAN BE CONFIDENT OF ACTING ON THE BASIS OF PUBLIC CONSENSUS, I BELIEVE THAT TO BE A PROPOSITION ENDORSED BY MOST CANADIANS,

EQUALLY, I BELIEVE THERE IS A BROAD ACCEPTANCE OF THE FACT, DEMONSTRATED IN TWO WORLD WARS, THAT CANADA'S SECURITY IS INTIMATELY BOUND UP WITH THE SECURITY AND STABILITY OF EUROPE. THIS IS BY NO MEANS MERELY AN INTELLECTUAL MATTER. OUR PRIMORDIAL TIES WITH BRITAIN AND WITH FRANCE HAVE BEEN BROADENED BY THE EMIGRATION OF PEOPLES FROM ALL PARTS OF EUROPE. THEY TOO LOOK BACK TO THEIR ROOTS WITH AFFECTION AND APPREHENSION. THUS THERE IS A STRONG EMOTIONAL, AS WELL AS A STRATEGIC, POLITICAL AND ECONOMIC COMMITMENT TO THE FATE OF EUROPE.

THAT COMMITMENT IS EMBODIED, IN THE POST-WAR WORLD, IN THE NORTH ATLANTIC TREATY ORGANIZATION. SUCCESSIVE CANADIAN GOVERNMENTS HAVE ENJOYED A REASSURING DEGREE OF TRUST AND SUPPORT FOR OUR FOUNDING MEMBERSHIP IN NATO, AND FOR OUR CONTINUED OBLIGATIONS WITHIN ITS POLITICAL AND MILITARY STRUCTURE. INDEED, OUR NATO COMMITMENTS HAVE ON OCCASION BEEN MORE VIGOROUSLY REVIEWED BY GOVERNMENT ITSELF THAN THEY HAVE BY ANY SIGNIFICANT SECTOR OF PUBLIC OPINION.

UNDERLYING OUR NATO COMMITMENT IS AN ASSESSMENT OF THE PROBABLE SOURCE OF THREATS TO PEACE. AGAIN, MOST CANADIANS SHARE A CONCERN AT THE RAPID BUILD-UP OF NUCLEAR ARMS BY THE SOVIET UNION, AND AT SOVIET DEPLOYMENT OF INTERMEDIATE-RANGE MISSILES WHICH MENACE THE STABILITY AND SECURITY OF OUR EUROPEAN ALLIES. ALLIES WHO, IT IS IMPORTANT TO RECALL, WERE THE FIRST TO SEEK MEANS OF BALANCING AN INTOLERABLE THREAT TO THEIR SECURITY AND TO THEIR POLITICAL INTEGRITY.

IT IS ALSO IMPORTANT TO RECALL THAT THE MEANS OF DEALING WITH THAT THREAT WERE NOT RESTRICTED TO THE CRUDE COUNTER-THREAT OF MILITARY FORCE. THE POSSIBLE DEPLOYMENT OF NATO INTERMEDIATE-RANGE MISSILES HAS FOR OVER THREE YEARS BEEN COUPLED WITH A VERY CLEAR OFFER TO THE SOVIET UNION TO NEGOTIATE A STABLE BALANCE OF FORCES AT THE LOWEST POSSIBLE LEVEL.

THOSE NEGOTIATIONS ARE NOW UNDER WAY, SUPPORTED BY A SOLID BASE OF CONSULTATION IN WHICH CANADA IS, I CAN ASSURE YOU, TAKING AN INFLUENTIAL PART. MOST CANADIANS ARE SURELY IN FAVOUR OF THESE NEGOTIATIONS, AND WISH GOVERNMENT TO WORK FOR THEIR SUCCESS.

I BELIEVE THAT THE SEVERAL PROPOSITIONS WHICH I HAVE JUST SET OUT ARE GROUNDED IN A CANADIAN CONSENSUS. THEY ARE FURTHER SUPPORTED BY THE PUBLIC OPINION POLL CONDUCTED LAST YEAR BY YOUR OWN INSTITUTE. THEREFORE I AM TROUBLED BY THIS ON-GOING CASE STUDY IN WHICH THE FOREIGN POLICY FRAMEWORK FOR AN ALLIANCE NEGOTIATION SEEMS TO BE LARGELY ACCEPTED AND AGREED, BUT OUR NATIONAL PARTICIPATION IN A COLLECTIVE STRATEGY CONTINUES TO PROVOKE VIGOROUS DISPUTE.

I AM FURTHER TROUBLED BY THE IMPLIED POLARIZATION OF OPINION WHICH THE DEBATE BRINGS ABOUT. THE GOVERNMENT, ITS OFFICIALS AND ITS ALLIES ARE NOT MEMBERS OF A WAR MOVEMENT AGAINST WHICH A PEACE MOVEMENT MUST CONTEND. NOR ARE WE BLIND PARTNERS WITHIN THE ALLIANCE. CANADIANS CAN, I THINK, BE PROUD OF THEIR CONTRIBUTION OVER THE YEARS TO A REDUCTION OF EAST-WEST TENSIONS, TO THE MAINTENANCE OF A STABLE AND SENSIBLE DETERRENCE, AND TO A MODERATION OF WHAT LORD CARRINGTON RECENTLY DESCRIBED AS "MEGAPHONE DIPLOMACY". IN RECENT YEARS THERE HAS BEEN A DISTINCTIVE CANADIAN ACTIVISM IN THE FIELD OF ARMS CONTROL AND DISARMAMENT. WE HAVE PROPOSED MULTILATERAL POLICY INITIATIVES SUCH AS THE STRATEGY OF SUFFOCATION -- AN IDEA WHOSE SUCCESS, OF COURSE, DEPENDS ON ACCEPTANCE BY OTHERS. WE ARE ACTIVE IN NEGOTIATING A COMPREHENSIVE BAN ON CHEMICAL WEAPONS, AND IN ADVOCATING THE PROHIBITION OF ALL WEAPONS IN OUTER SPACE. WE ARE EXPLORING NEW TECHNIQUES OF VERIFYING AGREED ARMS CONTROL

COMMITMENTS. THROUGHOUT THESE INITIATIVES WE BENEFIT FROM EXTENSIVE CONSULTATION WITH CANADIAN EXPERTS OUTSIDE GOVERNMENT.

CLEARLY WE HAVE IN ACTION A DIFFICULT INTERPLAY OF APOCALYPTIC SYMBOLISM, REPRESENTED BY THE CRUISE MISSILE ITSELF, VERSUS THE BALANCED ARMS CONTROL AND DISARMAMENT POLICY WHICH THOSE OF US IN GOVERNMENT PERCEIVE OURSELVES AS CARRYING OUT. THE PRAGMATISM OF A MIDDLE POWER, OR THE REALISM OF AN ALLIANCE MEMBER, HAVE DIFFICULTY IN COMPETING FOR PUBLIC ATTENTION WITH THE APOCALYPSE -- EVEN IF OUR PROGRAMMES ARE DESIGNED, IN A SPIRIT SHARED WITH ANY PEACE MARCH, TO AVERT THE NUCLEAR CATASTROPHE WHICH WE ALL FEAR.

THE CHOICES IMPOSED BY A COLLECTIVE SECURITY SYSTEM ARE NO EASIER NOW THAN THEY WERE FIFTY YEARS AGO. WE ARE NOT FAIR-WEATHER MEMBERS OF THE ALLIANCE, AND WE ARE A FULL PARTY TO ITS DECISIONS AND NEGOTIATIONS. THE DIFFICULTY OF PROMOTING PUBLIC TRUST, AND PUBLIC UNDERSTANDING OF ISSUES COMPLEX BEYOND SYMBOLISM, HAS INCREASED CONSIDERABLY.

MY THIRD CASE-STUDY IN FOREIGN POLICY AND THE PUBLIC INTEREST IS ABOUT THE THIRD OPTION, THAT MUCH MALIGNED, MUCH MISUNDERSTOOD DECLARATION BY MITCHELL SHARP WHICH APPEARED IN 1972.

THE CASE OF THE THIRD OPTION IS PARTICULARLY INSTRUCTIVE ABOUT THE RISK THAT ANY GOVERNMENT RUNS WHEN IT ATTEMPTS TO CONCEPTUALIZE FOREIGN POLICY. I HAPPEN TO BELIEVE THAT THE RISK IS TOLERABLE -- EVEN ESSENTIAL. NONETHELESS THE ARTICULATION OF VIRTUALLY ANY POLICY CONCEPT SERVES QUITE NATURALLY TO PROVIDE A FOCAL POINT OR A TARGET FOR THE VARIOUS EXPECTATIONS AND CONFLICTING INTERESTS OF THE FOREIGN POLICY COMMUNITY WRIT LARGE.

WHAT THEN, IS THE THIRD OPTION ABOUT? IN A HISTORICAL SENSE, IT IS NO MORE THAN ONE OF MANY CONTRIBUTIONS TO A DEBATE THAT IS AS OLD AS THE AMERICAN REVOLUTION OR THE BRITISH NORTH AMERICA ACT. IT IS, IN PART, ABOUT SHARING A CONTINENT WITH THE UNITED STATES -- ONE OF THE VERY FEW FOREIGN POLICY ISSUES IN WHICH PUBLIC INTEREST IS WIDE AND HIGH, AND ATTITUDES ARE STRONGLY HELD. JUST AS EVERY PARENT IS AN EXPERT ON EDUCATION, SO EVERY CANADIAN IS AN EXPERT ON THE AMERICANS.

IN A MORE CONTEMPORARY SENSE, HOWEVER, THE THIRD OPTION CLEARLY SHOWS ITS BIRTHMARKS FROM 1971. IT DOES REFLECT A DETERMINATION TO MODERATE IN FUTURE THE SHOCKS TO OUR ECONOMY WHICH USA MEASURES DELIVERED IN THAT YEAR. IT DOES EMBODY THE CONCERN FOR OUR SOVEREIGNTY THAT DOMINATED THE 1960'S AND 70'S AND WAS ARTICULATED IN FOREIGN POLICY FOR CANADIANS.

THE THIRD OPTION WAS ALSO DESIGNED TO COME TO TERMS WITH SOME INTERNATIONAL REALITIES CONFRONTING OUR POLICIES ACROSS THE BOARD. THE POLITICAL AND ECONOMIC INTEGRATION OF EUROPE, WITH SERIOUS IMPLICATIONS FOR OUR TRADITIONAL TIES WITH BRITAIN AND OTHER EUROPEAN PARTNERS. THE EMERGENCE OF JAPAN AS AN ECONOMIC POWER OF THE FIRST RANK, WITH SPECIAL INTERESTS IN OUR WESTERN PROVINCES. A SENSE OF SHIFT IN THE BALANCE AND DISTRIBUTION OF POWER WHICH COULD OFFER NEW OPPORTUNITIES TO THE SMALLER INDUSTRIALIZED DEMOCRACIES SUCH AS CANADA.

BUT THE KEY ELEMENT IN THE THIRD OPTION WAS THAT IT WAS NOT EXCLUSIVELY A FOREIGN POLICY. THE FIRST OPTION, YOU MAY RECALL, WAS TO MAINTAIN THE STATUS QUO WITH THE USA, WITH A MINIMUM OF POLICY ADJUSTMENTS. THE SECOND OPTION WAS TO MOVE DELIBERATELY TOWARD CLOSER INTEGRATION WITH THE USA. THE THIRD, AND I QUOTE, WAS:

"... A COMPREHENSIVE, LONG-TERM STRATEGY TO DEVELOP AND STRENGTHEN THE CANADIAN ECONOMY AND OTHER ASPECTS OF OUR NATIONAL LIFE AND IN THE PROCESS TO REDUCE THE PRESENT CANADIAN VULNERABILITY."

IT IS DIFFICULT TO UNDERSTAND HOW SUCH A CLEAR AND STRAIGHTFORWARD, SOME WOULD EVEN SAY SELF-EVIDENT, OBJECTIVE COULD COME TO BE DESCRIBED AS: ANTI-AMERICAN; BAD FOR BUSINESS; BOUND TO UNDERCUT MULTILATERAL ORGANIZATIONS; MINDLESS DIVERSIFICATION; AND A DOOMED STRUGGLE AGAINST THE REALITIES OF A CONTINENTAL ECONOMY. MOREOVER THERE IS A KEY WORD IN THE OPTION WHICH IS FREQUENTLY OVERLOOKED. THAT WORD IS "LONG-TERM".

AMONG THE RISKS OF CONCEPTUALIZING FOREIGN POLICY IS THAT IT IS SEEN TO BE TIME-BOUND. SOME OBSERVERS AND COMMENTATORS SEEM TO REGARD A POLICY CONCEPT AS AKIN TO A CARTON OF MILK -- ON THE SHELF, GETTING OLDER AND MORE UNPALATABLE AND, WRITTEN IN THE UPPER RIGHT-HAND CORNER, THE WORDS "BEST BEFORE 1983".

THIS APPROACH, BY THE WAY, IS OFTEN ADOPTED TOWARDS THE 1970 DOCUMENTS OF FOREIGN POLICY FOR CANADIANS AS WELL AS THE THIRD OPTION. NATURALLY, NO POLICY IS ETERNAL, NOR DOES IT FORESEE ALL PROBABLE EVENTS. THE THIRD OPTION DID NOT ANTICIPATE THE OIL SHOCKS OF THE YEARS IMMEDIATELY FOLLOWING. BUT SOUND POLICIES, ROOTED IN BROAD NATIONAL REALITIES AND LONG-TERM GOALS, DO NOT SUFFER INSTANT OBSOLESCENCE. THEY LIVE AS VECTORS OF THE NATIONAL INTEREST. THEY PROVIDE IMPULSE, DIRECTION, AND A CONCEPTUAL FRAMEWORK ON WHICH THE FUTURE MAY BUILD.

THE 1947 GRAY LECTURE BY LOUIS ST. LAURENT, FOR EXAMPLE, WAS THE FIRST BROAD ARTICULATION OF MODERN CANADIAN FOREIGN POLICY. ITS PRINCIPLES OF NATIONAL UNITY, POLITICAL LIBERTY, THE RULE OF LAW, HUMAN VALUES, AND THE IMPORTANCE OF UNDERTAKING INTERNATIONAL RESPONSIBILITIES, ENJOY EQUAL PROMINENCE IN SUBSEQUENT POLICY DOCTRINE. THE GRAY LECTURE SPOKE FOR A GENERATION, BUT TOOK ON NEW LIFE NEARLY A QUARTER OF A CENTURY LATER IN THE THEMES OF FOREIGN POLICY FOR CANADIANS.

THE DILEMMA FOR GOVERNMENT IS THIS: IF IT DOES NOT OCCASIONALLY SET OUT IN PUBLIC THE PRINCIPLES OF ITS FOREIGN POLICY, IT IS OPEN TO ACCUSATIONS RANGING FROM SECRECY TO AD HOCERY TO INCOMPETENCE. BUT ONCE IT DOES SET OUT ITS PRINCIPLES, OR EVEN ITS OPTIONS, IT RISKS NOT ONLY MISUNDERSTANDING BUT ALSO THE ACCUSATION THAT THE POLICY OR ITS PRINCIPLES ARE OLD, STALE, OR OVERTAKEN BY EVENTS. THE PUBLIC APPETITE FOR THE NEW IS NOT ONE THAT CAN EASILY OR APPROPRIATELY BE FED BY FOREIGN POLICY.

EACH OF THESE CASE-STUDIES -- CULTURE, THE CRUISE, AND THE THIRD OPTION -- IS INSTRUCTIVE IN A DIFFERENT WAY ABOUT FOREIGN POLICY AND THE PUBLIC INTEREST. THERE IS THE NECESSARY CO-EXISTENCE OF NATIONAL AND CULTURAL OBJECTIVES. THERE ARE THE ASSUMPTIONS AND PREMISES ABOUT OUR NATIONAL SECURITY, BROADLY

SHARED BETWEEN GOVERNMENT AND PUBLIC, WHICH NONETHELESS DO NOT MODERATE A SHARP DEBATE OVER THE TESTING OF THE CRUISE MISSILE. AND THERE IS THE RISK OF MISUNDERSTANDING OCCASIONED BY PERIODIC STATEMENTS OF POLICY SUCH AS THE THIRD OPTION.

EACH OF THESE ISSUES ALSO HAS A COMMON THREAD IN THE ROLE AND IMPACT OF THE MEDIA. THEY POSSESS THAT CONSECRATED REALITY WHICH ONLY THE MEDIA CAN BESTOW. PRESS, RADIO AND TELEVISION THEMSELVES BECOME ACTORS IN THE DEBATE, STIRRING A VOLATILE CHEMISTRY OF MINISTERS, OFFICIALS, GROUPS, REGIONS AND PUBLICS. THE MEDIA PLAY A PART NOT ONLY IN ESTABLISHING WHAT WE SHOULD THINK ABOUT -- BUT ALSO IN DEFINING HOW WE SHOULD THINK ABOUT IT.

AS AN INDUSTRY, THE CANADIAN MEDIA ARE AS SOPHISTICATED, INTELLECTUALLY AND ELECTRONICALLY, AS ANYWHERE IN THE WORLD. AS INDIVIDUALS, THERE ARE MANY OUTSTANDING CANADIAN REPORTERS AND COMMENTATORS WORKING IN CANADA AND ABROAD. YOU WILL BE HEARING ONE OF THEM LATER THIS MORNING. AND YET I SEE A WIDENING GAP BETWEEN THOSE CHARGED WITH DIRECTING OR IMPLEMENTING CANADA'S FOREIGN POLICY, AND THOSE RESPONSIBLE FOR REPORTING OR INTERPRETING IT FOR THE PUBLIC.

YOU WILL UNDERSTAND THAT I HAVE TO TREAD CAREFULLY HERE. THE OMNIPOTENCE OF THE MEDIA IS AN INTIMIDATING FORCE FOR ANY BUREAUCRAT TO CONTEMPLATE. BUT SOMETHING IS GOING SOUR IN THE MEDIA APPROACH TO FOREIGN POLICY AND I THINK IT IMPORTANT BOTH TO SAY SO, AND TO DO SOMETHING ABOUT IT. THE CIIA ITSELF PROVIDES AN INTERESTING EXAMPLE. JOURNALISTS SUCH AS JOHN DAFOE AND JOHN NELSON WERE INSTRUMENTAL IN FOUNDING THE CIIA. AND YET TODAY THERE IS, ON YOUR NATIONAL COUNCIL OF ABOUT 60 PERSONS, ONLY ONE JOURNALIST -- NO PUBLISHERS OR NETWORK EXECUTIVES, AND, I THINK, NOT ONE REPRESENTATIVE OF THE COMMUNICATIONS HEARTLAND OF TORONTO.

THE GAP BETWEEN FOREIGN POLICY AND THE MEDIA HAS SEVERAL DIMENSIONS. THE INCREASINGLY MULTINATIONAL CHARACTER OF INFORMATION TRANSMISSION, WHICH EITHER LACKS A CANADIAN DIMENSION, OR IS GIVEN SOME EXTRANEOUS "CANADIAN ANGLE" EN ROUTE TO OUR HOMES. A SERIOUS DIVERGENCE OF OBJECTIVES AND PRIORITIES, WITHOUT BENEFIT OF THE HEALTHY, EVEN COMPETITIVE EXCHANGE BETWEEN JOURNALISTS AND DIPLOMATS WHICH IS FOUND IN SO MANY COUNTRIES. HENCE THE ABSENCE OR VIOLATION OF AGREED GROUND RULES, A CERTAIN ANIMUS AGAINST INSTITUTIONS OR INDIVIDUALS, AND A TENDENCY TO PREFER GOSSIP ABOUT POLICY PROCESS TO THE SUBSTANCE OF POLICY ITSELF.

THE KENT COMMISSION ADDRESSED THIS PROBLEM AND IDENTIFIED A DECLINE OF PROFESSIONALISM IN THE MANAGEMENT OF FOREIGN NEWS BY CANADIAN NEWSPAPERS. THE COMMISSION SAYS:

"A VICIOUS CIRCLE IS AT WORK. THERE ARE FEW CANADIAN CORRESPONDENTS ABROAD. CONSEQUENTLY, THE EDITORIAL STAFFS OF CANADIAN NEWSPAPERS INCLUDE TOO FEW PEOPLE WITH KNOWLEDGE OF THE OUTSIDE WORLD. CONSEQUENTLY, THEY DO NOT KNOW HOW TO HANDLE FOREIGN NEWS WELL. CONSEQUENTLY, THE EDITORS ARE ABLE TO CONVINCE THEMSELVES THAT WHAT THEY CANNOT HANDLE CONFIDENTLY IS NOT WHAT THE READERS WANT."

I SHARE THE KENT COMMISSION'S CONCERN ABOUT THE NATURE OF NEWSPAPER WORK ON FOREIGN AFFAIRS. IN TELEVISION, SENSATIONAL FILM OF A FLOOD OR AN EARTHQUAKE TENDS TO DISPLACE THE THOUGHTFUL COMMENTARY OF A JOE SCHLESINGER, A DAVID HALTON, A CRAIG OLIVER, A PETER TRUEMAN, A MADELEINE POULIN, OR A PIERRE NADEAU. IT IS DISTURBING TO NOTE THIS TREND AT A TIME WHEN SO MANY OTHER ELEMENTS OF CANADIAN SOCIETY ARE DISPLAYING RENEWED ATTENTION TO INTERNATIONAL POLITICS AND ECONOMICS. THE MEDIA ARE, WITH THE POSSIBLE EXCEPTION OF RADIO, AN UNCERTAIN INTELLECTUAL FORCE IN THE DEFINITION OR INTERPRETATION OF CANADIAN FOREIGN POLICY. THE WORLD DOES NOT PRESENT ITSELF WITH CLARITY IN FORTY-SECOND CLIPS,

I DO NOT ASK FOR, OR EVEN EXPECT, MEDIA AGREEMENT WITH ONE OR ANOTHER GOVERNMENT POLICY LINE. WHAT I LOOK FOR, AND I THINK YOU LOOK FOR AS WELL, IS A DISTINCTIVELY ANALYTIC AND INTERPRETIVE CAPACITY IN FOREIGN AFFAIRS, FROM A POINT OF VIEW WHICH STIMULATES, CHALLENGES THE CANADIAN PUBLIC AT LARGE, AND POLICY-MAKERS IN GOVERNMENT. INSOFAR AS FAULT MAY LIE WITH OFFICIALS, AND IN LARGE PART IT DOES, I RECOGNIZE THAT WE NEED TO DO MORE TO INSPIRE, TO INFORM, TO EXPLAIN AND TO REVIVIFY A CONSTRUCTIVE DIALOGUE WITH THE CANADIAN MEDIA.

I SHOULD TRY NOW TO POSE A FEW FINAL QUESTIONS, AND TO DRAW A FEW CONCLUSIONS FROM THESE HIGHLY PERSONAL REFLECTIONS ON FOREIGN POLICY AND THE PUBLIC INTEREST.

WE ENVY THE HOMOGENEITY OF SOME COUNTRIES. WE SEE IN JAPAN, IN FRANCE, IN SINGAPORE OR IN ISRAEL, SOCIETIES DEDICATED TO A COMMON ETHIC OR A DOMINANT PRIORITY. THE SHARED ASSUMPTIONS OF THEIR UNIVERSITY GRADUATES, THEIR TRADE UNIONS, THEIR ENTREPRENEURS, AND THEIR MEDIA, SEEM TO GIVE THOSE SOCIETIES AN ABILITY TO MOVE INTERNATIONALLY WITH SOLID PURPOSE AND CONCENTRATED ENERGY. ON THE OTHER HAND, WE LOOK WITH OCCASIONAL DISMAY AT THE DIFFUSION OF EFFECTIVE POWER WITHIN THE AMERICAN SYSTEM, WHERE THE PLAY OF INSTITUTIONS, REGIONS AND SPECIAL INTERESTS HAS NEVER BEEN MORE COMPLEX.

THE QUESTION FOR CANADIANS IS WHETHER IN PRACTICE WE CAN DO BETTER THAN A RAGGED AND UNEASY COHERENCE OF COMPETING GROUPS AND INTERESTS. WHETHER THERE IS PERHAPS A SILENT MAJORITY WHICH STILL EXPECTS OUR FOREIGN POLICY TO BE SOMETHING MORE THAN THE SUM OF MANY PARTS. WHETHER FLEETING COALITIONS, OF NATIONAL AND PUBLIC INTEREST, CAN SUSTAIN THE LONG-TERM DEDICATION WHICH MUST UNDERLY THE MOST SIGNIFICANT LINKAGES BETWEEN DOMESTIC AND FOREIGN POLICY.

AS ALWAYS, THERE ARE TRENDS AND COUNTER-TRENDS. I FEAR THAT MANY OF THE SINGLE-INTEREST CONSTITUENCIES ARE NOW FIRMLY IN THE GRIP OF THEIR OWN IDÉE FIXE. WE CAN LISTEN AND WE CAN ACCOMMODATE, TO SOME EXTENT WE CAN EVEN MANAGE CERTAIN CONTRADICTIONS, BUT WE CANNOT AVOID THE OVERRIDING NEED FOR A POLICY WHICH IS A COHERENT SYNTHESIS OF NATIONAL INTERESTS AND PRIORITIES. TENSION WITH SOME SINGLE-INTEREST GROUPS IS BOUND TO CONTINUE.

IN A DEMOCRATIC SYSTEM, SURELY THIS IS A SIGN OF BASIC HEALTH, FRUSTRATING AND CONTENTIOUS AS THE PROCESS OF RECONCILIATION MAY BE. IT IS THE CHALLENGE OF FOREIGN POLICY IN A DEMOCRACY TO NEGOTIATE THE ALIGNMENT OF NATIONAL INTEREST AND PUBLIC INTEREST, AND TO BUILD ON CONSENSUS WHEREVER IT CAN BE ASCERTAINED.

WHAT IS DANGEROUS IS THE LATENT OR APPARENT FRAGMENTATION OF THE PUBLIC INTEREST INTO COMPETING AND IRRECONCILABLE GROUPS, WHOSE COMMON FEATURES ARE DIFFICULT TO DISCERN. SUCH FRAGMENTATION CAN PARALYSE POLICY, ESPECIALLY IF IT SHOULD BE DRIVEN BY A SENSATIONALIST MEDIA.

IF THERE IS AN OPTIMISTIC NOTE TO BE STRUCK, I THINK IT LIES IN THE REMARKABLE CONTINUITY TO WHICH I HAVE REFERRED ON SEVERAL OCCASIONS. THE GRAVITY-DEFYING NATURE OF OUR COUNTRY AND ITS PLACE IN THE WORLD IMPOSE ON US, AS THEY IMPOSED ON YOUR FIRST CONFERENCE, ON THE AUTHORS OF THE GRAY LECTURE OR OF FOREIGN POLICY FOR CANADIANS, CERTAIN LIMITATIONS AND PREOCCUPATIONS WHICH ARE REMARKABLY CONSTANT.

WE ARE IMPROVING THE MIXTURE AND THE BALANCE IN OUR FOREIGN POLICY OF POLITICAL, ECONOMIC AND SECURITY ELEMENTS. BUT WE CANNOT, AS SOME COUNTRIES CAN, ASSIGN CLEAR DOMINANCE TO ANY ONE OF THEM. NOR CAN WE AFFORD, FOR OUR OWN LONG-TERM INTERESTS, TO ABANDON THE TRADITION OF CANADIAN ACTIVISM AND IDEALISM.

I THINK GOVERNMENTS GENERALLY PREFER TO ACT ON THE BASIS OF A CONGENIAL, RATHER THAN A COMPLIANT, PUBLIC OPINION. IN CANADA, HOWEVER, WE HAVE TO COME TO TERMS WITH LATENT FRAGMENTATION. WE MUST BE DILIGENT IN MEASURING OUR VERSION OF

THE PUBLIC INTEREST AGAINST THE VIEWS OF DISPARATE PUBLICS THEMSELVES. THERE WILL BE TIMES WHEN GOVERNMENT EXERCISES ITS LEADERSHIP SOMEWHAT AHEAD OF PUBLIC OPINION. AND TIMES WHEN PUBLIC OPINION VEERS OFF IN ADVANCE OF POLICY. WHAT ALL OF US MUST SEEK ALWAYS TO ENSURE IS THAT THE NATURAL DISCORD OF DEMOCRACY DOES NOT BECOME THE TERRIBLE CLAMOUR OF A NATION UNABLE TO ACT.

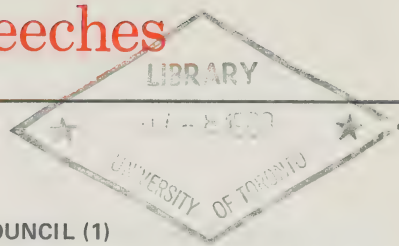
LET ME CONCLUDE BY PAYING TRIBUTE TO THE CANADIAN INSTITUTE OF INTERNATIONAL AFFAIRS ON ITS GOLDEN ANNIVERSARY CONFERENCE; FOR YOUR LONG TRADITION OF ENLIGHTENMENT IN FOREIGN POLICY; FOR YOUR DEDICATION TO THE SEARCH FOR A NATIONAL PERSPECTIVE BEYOND THE INTERESTS OF ONE OR ANOTHER GROUP OR REGION; AND FOR YOUR CONTRIBUTION TO SHAPING THE CONTOURS OF BOTH FOREIGN POLICY AND THE PUBLIC INTEREST.

THANK YOU FOR YOUR ATTENTION. I LOOK FORWARD TO YOUR QUESTIONS.



Statements and Speeches

SS 83/13



KOREAN AIRLINE INCIDENT ISSUE AT UN SECURITY COUNCIL (1)

Statement by the Honourable Gérard Pelletier, Permanent Representative, Ambassador for the Permanent Mission of Canada to the United Nations, to the Security Council, New York, September 2, 1983.

Mr. President: I am grateful to you and to the Council for giving Canada an opportunity to participate as an aggrieved party in this emergency debate, the call for which my government strongly supported in its letter to you, Sir, of yesterday evening. In this day of international travel, we are dealing with an incident which has touched directly many members of the United Nations family and which touches, by extension, all nations. In the case of my country, at least eight of our citizens were on board the Korean Airlines *Boeing 747* Flight 7 of August 31. The Canadian people, no less than their government, are horrified and outraged by what has happened. There can be no justification, whatever might have been the circumstances, for this demonstration of the willingness of a super-power to exercise its military might against the unintentional presence in its air space of innocent civilians, and to destroy, in this instance, 269 lives.

The deliberate in-flight destruction of this civilian, unarmed, easily identifiable passenger aircraft by sophisticated fighter aircraft of the Soviet Union, no matter where it occurred, is nothing short of murder. It is a flagrant attack on the safety of international civil aviation which should never have occurred and must not be allowed to occur again. After condemning this act, the Council should begin an urgent process in an impartial and effective manner to prevent any repetition of such an insult to humanity.

From the point of view of international law and accepted practices governing conduct between law-abiding sovereign nations, the Soviet Union in this incident has been guilty of outlaw behaviour.

It is widely accepted, in international law, that the principle of proportionality applies. The action of the Soviet Union in dealing with this incident is without doubt in total contravention of this principle. Moreover, the Soviet action, in the absence of any state of hostility or even heightened international tension in the area, makes it all the more unjustifiable.

It would be ludicrous for the Soviet Union to pretend that it had to massacre 269 civilians, travelling on a civilian aircraft, to protect its sovereignty. The opening of fire on the Korean aircraft was in excess of what is commensurate with the gravity of the threat represented by the presence of a civilian aircraft in the Soviet air space and, therefore, the Soviet Union has infringed on a basic principle of international law.

The United Nations and its system of international organizations has the ability and machinery in place to undertake the task before us. It remains for the Security Council to provide the impetus to ensure that it is undertaken and completed promptly and effectively. On behalf of my government, I should like to suggest a three-part program of action for consideration.

First, we consider it essential that there be a full and impartial inquiry into the incident to determine all the relevant facts and circumstances. This will demand the complete and open co-operation not only of those states directly involved in this tragic incident, but also of those like Canada who have a deep humanitarian concern, whether stemming from the deaths of their own citizens or more broadly based on their basic respect for human values. We consider that the UN Secretary-General is best placed to carry out this function and that it should be completed as rapidly as possible. The Secretary-General should be asked to report back to the Council as a matter of the utmost urgency.

Second, we consider that the International Civil Aviation Organization (ICAO), in co-operation with the Secretary-General of the United Nations, should be requested to carry out an urgent and thorough investigation of the incident with a view to making recommendations for the improvement of international civil aviation regulations and practices which will preclude ever again the repetition of such an incident.

We assume that the government of the Soviet Union will co-operate fully with this investigation. If this incident were only a tragic accident, the Soviet Union would be required under the Chicago Convention to carry out its own investigation. Since this catastrophe was the result of a deliberate act, it is even more compelling upon the Soviet Union to facilitate the ICAO investigation in every way.

Third, and as an interim measure pending the outcome of this inquiry and review of international civil aviation regulations and practices, we consider that the Soviet Union should be called upon, for urgent humanitarian reasons, to pay immediate compensation to the families of the victims in a full and generous manner. I could recall precedents for the voluntary payment of prompt compensation in similar circumstances. This process, where necessary, can be facilitated and assisted by organs such as the International Committee of the Red Cross.

The Canadian government offers these suggestions, in the hope that they may facilitate not only the debate on which we are now embarked but also additional endeavours to be undertaken elsewhere in the United Nations system and, I hope, by the author of this horrible tragedy. This Council must ensure that this will be the last such incident to arouse universal indignation.

The consideration of this grave situation must not be animated by any desire for polemics, but rather by what should be our common concern for life and safety. We trust, therefore, that the deliberations of this Council, and the effective action it must take, will not be frustrated by the exercise of the veto. Any such tactic would be unconscionable and would be widely — and rightly — interpreted as a tacit admission of culpability.



Statements and Speeches

SS 83/14

KOREAN AIRLINE INCIDENT – SUSPENSION OF AEROFLOT LANDING RIGHTS

Statement by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, Ottawa, September 5, 1983.

I would like to review briefly the current situation with respect to the Korean airliner which was shot down by the USSR on August 31 and to announce a measure which is necessary in the circumstances.

The Soviet government has informally reported to my department that, as of September 3, no survivors had been found in the area of the search. Nor were the remains of any passengers found as of that date. Some countries have asked the Soviet government to allow them to participate in the search, but to date permission has been denied.

The USSR has a clear obligation under the Chicago Convention on International Civil Aviation to institute an inquiry into any accident involving a foreign-registered aircraft in Soviet territory and to allow the Republic of Korea to be present at the official Soviet inquiry into the circumstances of this disaster.

For our part, we have still not received an official response from the Soviet government to our demand for an explanation of the circumstances surrounding the tragic death of the Canadians on board. Indeed, far from expressions of regret or apology, the only comments from Moscow are a repetition, with minor variations, of the TASS accounts which world public opinion has dismissed.

I want you to know that we continue to maintain our position that the USSR must explain this disaster. We have provided ample time and opportunity. I have sent a message to Foreign Minister Gromyko asking him to give this matter his urgent personal attention.

To impress upon the Soviet authorities the gravity and determination with which we view this matter I have, in consultation with my colleague the Minister of Transport, decided to suspend the rights of Aeroflot to the use of Montreal Mirabel airport for its scheduled and charter flights for a period of 60 days. This will take effect as soon as formalities have been completed.

I hope that this suspension will prompt a review by the Soviet authorities of the merits of continuing to evade their responsibility for the death of Canadians and of so many other innocent passengers.

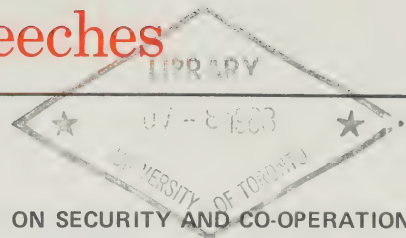
I want to add that we are taking this measure as an aggrieved party. We would welcome similar action by other nations.

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Statements and Speeches

SS 83/15



KOREAN AIRLINE INCIDENT ISSUE AT CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

Speech by the Honourable Jean-Luc Pepin, Minister of State (External Relations) at the Ministerial Session on the Madrid Follow-up Meeting of the Conference on Security and Co-operation in Europe, Madrid, September 7, 1983.

...The presence in Madrid this week of ministers of the states participating in the Conference on Security and Co-operation in Europe (CSCE) is a testament to the importance this conference holds for our respective governments and peoples, and to our deep concern that the CSCE process should not founder. This forum, and those ministers present, must unfortunately now bear witness to a tragedy which evokes indignation.

I am referring of course to the destruction of a Korean Airlines *Boeing 747* on August 31. The conscious in-flight destruction of this civilian, unarmed passenger aircraft by sophisticated fighter aircraft of the Soviet Union, no matter where or how it occurred, has outraged public opinion throughout the world.

This action has uselessly eradicated the lives — 269 of them — citizens of many of the states represented here today. In the case of my own country, at least ten Canadians have perished. There can be no justification, whatever might have been the circumstances, for this callous demonstration of the eagerness of a state to exercise its territorial jurisdiction against the unintentional presence in its air space of a civilian airliner and to destroy in this instance the lives of innocent citizens.

What worries me most is what would happen to international commercial transportation if each time an aircraft goes astray — and we know it does happen often enough — it is shot down.

It is with this in mind that my government has proposed in the United Nations Security Council that there be: first, a full and impartial enquiry carried out urgently by the Secretary-General; second, that the International Civil Aviation Organization be requested to make an urgent and thorough investigation with a view to making recommendations for improvements of international civil aviation regulations and practices which will preclude ever again the repetition of such an incident; and, third, that compensation be paid.

We urge the Soviet Union to participate willingly and fully in these efforts to find out how this tragedy happened and by so doing to ensure that it is never repeated. We urge the Soviet Union to meet the demands of an outraged public opinion around the world by acknowledging responsibility, by expressing regret, and by offering compensation. In putting these proposals forward we are giving the Soviet Union an opportunity to contribute to international law in this area.

The Soviet action has served to underline the fragility of the confidence and stability that now exists among sovereign states throughout Europe and the world. This wanton and seemingly uncontrolled

resort to the use of force raises further doubt in the minds of all those who had hoped for an improved level of trust in East-West relations.

We were to gather here, Mr. Chairman, to reaffirm our commitment to security and co-operation in Europe, and by extension, throughout the world. After three long years of negotiations we thought we had arrived at an agreement which would help to bring a greater degree of peace, confidence and security to a troubled world. We had planned to come to take note of what we have been able to achieve and to express our expectations for the future.

We arrive today with those expectations gravely diminished. What are we to make of this sad demonstration on the part of the Soviet Union of their inability to meet international obligations of the most fundamental and humanitarian kind? The challenge of co-operation which we all face here at the CSCE has been made all the more difficult as a result of this latest affront.

The destruction by the Soviet Union of the Korean Airlines jet is the most recent violation by the Soviet Union of its Final Act commitments. Other violations of similar and even greater magnitude, have been primarily responsible for the halting progress here at Madrid.

The Madrid meeting began in the aftermath of the Soviet invasion of Afghanistan, a blatant violation of the principles of sovereignty, self-determination, and the inviolability of frontiers. It was further set back by the imposition of martial law in Poland and subsequent developments in that country. These events were strongly protested here in Madrid by the foreign ministers of many of the participating states in February 1982, and led directly to an eight-month adjournment of our meeting.

Despite commitments to the freer movement of people, emigration has been drastically reduced by the Soviet Union even as our delegations have been meeting here in Madrid. Members of Helsinki monitoring groups have been harassed in the Soviet Union. These actions contravene both the spirit and the letter of the Final Act. They created the need for a lengthy review of the record of implementation of the Final Act, greatly prolonging the Madrid meeting. These actions are a regrettable step backwards, away from our goals of increased security and co-operation in Europe. To have passed them over in silence would have cast a shadow on the credibility of this conference. We will no more pass these violations over in silence than we will remain silent over the unprovoked attack on an unarmed civilian aircraft by the Soviet air force.

Despite the failures brought out so clearly here, and raised once again today, we must not, however, in the interests of peace in Europe and in the world, forget the potential for future progress that is inherent in the achievements of the Madrid meeting. This potential lies embedded in the draft concluding document. Throughout the course of this meeting, the Canadian delegation has worked diligently to ensure a balance in this document between the security aspects of our conference on the one hand and the human dimension of the CSCE on the other. I believe the document we have now before us strikes the needed balance.

We can point with very considerable satisfaction to the prospects for the Conference on Disarmament in Europe and the major contribution it could make to enhancing our security.

The confidence-building measures provided for in the Helsinki Final Act were a novel and ambitious start, but as they were voluntary and not verifiable, they were of limited value. It is clear that if such measures are truly to create confidence among states, they must be militarily significant, verifiable, and must include provision for challenging any state participating in the system for not carrying them out. The precise mandate for the Conference on Disarmament in Europe is intended to overcome the present deficiencies. Under the criteria specified in this mandate, confidence and security-building measures could be adopted which would cover the whole of Europe, without exception. A further advantage is that naval and air activities in the adjoining sea area and air space, which are directly linked to activities on the continent of Europe, would also be taken into consideration.

If such a regime were adopted, it could lay the basis for genuine measures of arms control and future disarmament in Europe. We must be clear about this: the transition to the disarmament stages of the Conference on Disarmament in Europe is not automatic and it is subject to scrutiny by the CSCE. The ambitious goals we have set and the inherent difficulties in achieving them means that we must progress step by step. Confidence that they are being carried out properly will be an important factor in deciding to move to a second stage.

I have also emphasized the human dimension of our endeavours here, an almost unique enterprise in an international political forum. In the area of principles, the Madrid document includes enhanced provisions on religious freedoms and breaks new ground in providing for consultations between state and religious authorities.

It also assures the right of workers freely to establish and join trade unions.

It contains an unqualified condemnation of terrorism.

There are improvements too in the area of freer contacts between our people, of wider dissemination of information and co-operation in culture and education. In particular, there is progress in defining time limits for the processing of applications for exit visas, assuring freer access to foreign publications, and improving co-operation in culture and education. In particular, there is progress in defining time limits for the processing of applications for exit visas, assuring free access to foreign publications, and improving the working conditions for journalists. These are modest steps, but they are practical achievements which would take us further along the path to better understanding.

The document also contains provisions to convene, prior to the next follow-up meeting, two experts meetings, one on human rights and the other on human contacts. These meetings will open further the dialogue on issues of fundamental concern.

Canada is particularly pleased at the prospect of acting as host to the Meeting of Experts on Human Rights which will take place in 1985. This subject has taken on special importance in Canada following the entrenchment of human rights in our constitutional documents with consequential effect on our legal system. This meeting will review the implementation of the human rights records of the participating states and, while recognizing the different approaches to human rights, will try to reduce the

wide differences and the misunderstandings which trouble relations between East and West. The terms of reference for the meeting are not so clear nor detailed as we would have liked; nevertheless, we have concluded that the participants will want to discuss fully and with sincerity the human rights practices in other participating states as well as in their own. It is necessary to further the dialogue and commentary on human rights in other participating states if we hope to induce them to conform to international law and their commitments under the Final Act. We look forward to welcoming to Ottawa, the participants in this meeting.

Mr. Chairman, I have outlined briefly the most positive elements in the draft concluding document. They hold out the hope of decreasing mutual suspicion and increasing security by fostering the transparency of military operations on the part of both East and West. They hold out the hope of enhanced co-operation through the expansion of economic, scientific and cultural contacts between East and West. They hold out the hope to individuals that they may once again be reunited with their families. They hold out the hope to individuals that their rights and liberties, their fundamental dignity as individuals, will be respected by their own governments. They hold out the hope of a renewed vigour and progress in human relations as an increasingly important aspect of the dialogue between and among our governments.

My government will commit itself to abide by the obligations set out in the Madrid Document, just as it has abided by the undertaking it agreed to in Helsinki. We will do everything in our power to turn these new hopes into concrete realities. We expect all other participating states to do the same. I can assure you, Mr. Chairman, that Canada will not remain silent in the face of violations of these commitments, violations which serve only to undermine the credibility of the entire CSCE process. But I want to reiterate that to turn the hopes embodied in the Final Act and now the Madrid Document into realities requires the concerted effort of all the participating states.

We must recognize that relations between East and West have deteriorated since those bright days of hope in Helsinki in 1975. It now becomes of even more importance that we reverse this trend. The participating states have not taken full advantage, it seems to us, of the opportunities for expanded contacts, dialogue, and co-operation, which were opened up by the Helsinki Final Act. It is in the clear self-interest of each and every participating state here to seize the opportunities for co-operation which are presented by an agreement now in Madrid, and to take up the challenges which will be presented by the Conference on Disarmament in Europe and other meetings over the next several years.

It has often been said that the course of this Madrid review meeting has been heavily influenced by the events occurring outside it. This is true. How could it be different? Any political forum which is to have any relevance whatsoever in contributing to the resolution of political conflict must always reflect its surrounding political reality, good or bad. But it is also true that to be effective, to be credible, a political forum such as the CSCE must be able to influence those same external events. International events are not predetermined by some capricious Fortuna; they are man-made. We can make a new forward step here in Madrid by expressing our firm resolution to improve upon the record of the past and to adopt a document with engagements which, if treated in good faith, would hold out for the people of all our countries the prospects of enhanced security and understanding. There is still much

left to do before we meet in Vienna. Let us hope that when we meet again there will be more of a positive and hopeful nature to discuss.

The Helsinki Final Act of 1975 reaffirmed the objectives of all participating states: to promote better relations among themselves and to ensure conditions in which their people could live in true and lasting peace, free from any threat to or attempt against their security.

Is this undertaking merely a hollow slogan, to be ignored at will by governments in their day to day decisions? I think not. The stakes today are simply too high for our governments to ignore this undertaking. We face in our time the constant threat that small-scale, regional or local conflicts could escalate to the horrific spectre of nuclear confrontation unless all available, however small, steps are being taken to reduce mistrust and promote co-operation among states.

But if individuals faced with the threat of state-to-state confrontation cannot live in security, neither can they live in real peace if their fundamental human rights are denied them by their governmental authorities or other citizens by their own governments.

In this context I am convinced that the CSCE process can play a role in improving relations among our states in both respects: to ensure that our people can live free from the threat of war, and free from arbitrary authority.

What has Canada done, what does it intend to do in this respect? The achievement of greater stability and greater security in Europe has been Canada's prime objective at the Madrid meeting for these past three years. At times this objective appeared more distant hope than realistic possibility. Yet, the opportunity for dialogue over critical East-West issues which the unique CSCE process offers is one which must be taken most seriously.

It is only through reasoned dialogue and debate that the participating states can arrive at acceptable solutions to the problems and tensions which beset Europe. The CSCE process provides a basis — the Final Act — to set out the common values and interests which are aimed at increasing security and co-operation in Europe. It provides a forum — the review meetings — to evaluate the degree to which participating states live up to their obligations under the Final Act. It provides a method — the concluding documents of these review meetings — for enhancing the collective undertakings of the participating states beyond those of the Final Act. Taken together, these instruments constitute the solid framework of a new European political process aimed at the future — one which is inherently dynamic and outward-looking, molding itself to changes in international relationships and indeed contributing to a shaping of these relationships. It is process which encourages co-operation over confrontation, debate over dictat, negotiation and compromise over isolation and absolutes.

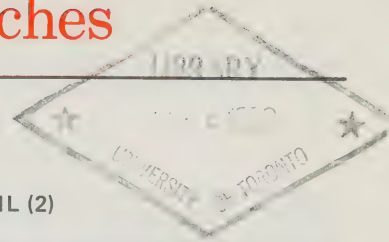
How profound is the sense of suspicion and how brutal its consequences can be have been tragically demonstrated in another part of the world. The corrosive effects of that distrust know no barriers. In the 1930s, a distinguished Soviet Foreign Minister, Maxim Litvinov, reminded the world that peace is indivisible. So too, I submit, is the sense of trust and confidence on which peace rests.

My government hopes, indeed pleads, that this forum we have made for ourselves in the CSCE may dedicate itself in the years ahead to the patient building of confidence and trust without which no true security can exist.



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Statements and Speeches



SS 83/16

KOREAN AIRLINE INCIDENT ISSUE AT UN SECURITY COUNCIL (2)

Second statement by the Honourable Gérard Pelletier, Permanent Representative, Ambassador for the Permanent Mission of Canada to the United Nations, to the Security Council, New York, September 12, 1983.

Mr. President: On behalf of the government of Canada, I am grateful to the Council for this further opportunity to participate in this emergency debate. It has been ten days since I last addressed this Council on behalf of my government to express the horror and outrage that is felt in Canada and to propose a series of actions for Council consideration in dealing with the deliberate destruction of a Korean 747 airliner.

In a long-delayed statement, the Soviet government has finally acknowledged that its fighter aircraft did indeed "stop" with missiles this defenceless civilian aircraft. The grudging condolences expressed to the families of the bereaved by the Soviet government are far from adequate. Where is any sense or expression of remorse? When will the government of the Soviet Union accept responsibility for the consequences of its shocking act? Vain attempts to evade responsibility by blaming others, inadequate and implausible explanations and the absence of any offer of help or assistance to the victims' families, all mark the Soviet retreat into paranoia.

In Madrid on September 7, Soviet Foreign Minister Gromyko stated, and I quote, "The borders of the Soviet Union are sacred." We are not here, Mr. President, to quarrel about the inviolability of Soviet frontiers, but we cannot and will not accept that the lives of innocent civilians should be so viciously subordinated to this assertion of Soviet sovereignty. We find the Soviet 1982 law most disturbing. It violates internationally agreed upon rules for interception. Could this tragedy be repeated should another civilian airliner innocently stray into Soviet air space? The Soviet Union has left no doubt about its intention. The international community must make every effort to avoid such a tragic repetition. Borders may or may not be sacred, but the lives of innocent civilians are unquestionably so. May I remind the Soviet government of President Podgorny's comments on the fiftieth anniversary of Soviet civil aviation in 1973. Again I quote, "It is well said that civil aviation needs a clear sky. Our attitude in this regard is fundamental and unswerving. We set human life and well-being above everything else." Why I ask, has the government of the Soviet Union repudiated these noble concepts.

Canada, an aggrieved party in these events, still has not received a satisfactory official response from the Soviet government to our demand for an explanation of the circumstances surrounding the tragic death of the Canadians on board.

The government of Canada maintains its position that the USSR must explain fully its part in this disaster. We have provided ample time and opportunity to do so. On September 6, the Canadian Deputy Prime Minister and Secretary of State for External Affairs, the Honourable Allan J. MacEachen, again called for a full and impartial international investigation. I repeat that call here today. Allegations

about weather conditions, the lights of the KAL 747 and the actions of the Soviet fighter aircraft can only be answered by such an international investigation. Then the international community will be in a position to review and to consider improvements to the rules, regulations and practices of international civil aviation, to prevent any recurrence.

To impress upon the Soviet authorities the gravity and determination with which we view this matter, the Canadian government announced its decision to suspend, for a period of 60 days, the rights of Aeroflot to the use of Montreal's Mirabel airport for its scheduled and charter flights. Canada has also suspended further consideration of arrangements for Soviet use of Gander airport. We hope these actions, together with those of other nations, will prompt a review by the Soviet authorities of the merits of continuing to evade their responsibility for the deaths of Canadians and of so many other innocent passengers. Canada's actions reflect not only the views of the Canadian government but of Canadians everywhere. The Canadian public has been outraged by this barbarous act. In the face of continuing Soviet prevarication, the growing groundswell of Canadian opinion demands a full and complete accounting. We welcome actions by other countries similar to those taken by Canada in an effort to hasten that day of accounting.

The Canadian government has formally reserved all its rights in international law to compensation from the Soviet Union for the loss of Canadian lives. On September 8, 1983, Canada officially notified the Soviet Union of this fact and is now proceeding to prepare its claim for presentation to the Soviet authorities. All justifications provided thus far by the Soviet Union do not alter the fact that it acted illegally in shooting down the civil airliner. That wrongful act in itself gives rise under international law to a responsibility on the part of the Soviet Union to provide appropriate compensation.

Furthermore, Canada believes that the Soviet government should, as well, assist the bereaved families in humanitarian fashion; for example, in a co-ordinated international search for remains of the deceased, in the organization of memorial services for them and in providing whatever information and documentation that can be of comfort and utility to the families of the victims.

We count on members of the Security Council to deal effectively with this issue that touches on agreed principles, procedures and rules of civilian aviation which affect the safety of us all. We would note that failure to do so could prove to be a backward step, particularly at this time when members of the Council have been informally exploring ways to improve its effectiveness — a process that Canada strongly endorses.

It is not enough to look back in anger and sorrow; the international community must move forward together. The most fitting monument which we can construct to the memory of these innocent victims is one of safer international civil aviation procedures which will forever prevent a repetition of this tragedy. To this end, Canada has supported the call for a special session of the International Civil Aviation Organization (ICAO) Council. Safer civil aviation procedures and a better definition of the relation between civil and military procedures will surely benefit everyone. We, therefore, expect positive, constructive results from the forthcoming deliberations within ICAO. Canada will work actively to this end.

The draft resolution before us recognizes the plight of the bereaved, the right to compensation and the

need for a full and adequate explanation of the incident. It reaffirms the relevant principles of international law. The resolution both deplores this tragedy and calls on the international community to strengthen the safety of international civil aviation through the ICAO. It invites the Secretary-General to conduct a thorough investigation with the full co-operation of all states, which is intended to include, of course, the Soviet Union. The thrust and content of this resolution thereby reflect the concerns and objectives of the Canadian government. We have listened carefully to all the speakers in this debate and we believe that the resolution reflects equally the comments of other concerned countries. This is not a rhetorical resolution; it is intended to be, and in our judgment it is, positive and balanced.

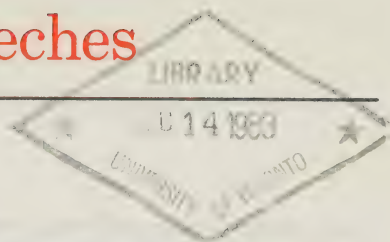
My government believes the resolution before us merits the support of all members of the Security Council and the wider international community.



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Statements and Speeches

SS 83/17



STRENGTHENING THE UN: THE SEARCH FOR SPECIFICS

Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Thirty-Eighth Session of the United Nations General Assembly, New York, September 27, 1983.

...We meet at a time of heightened tension. The urgency of many world problems has intensified since last year. The need for a dynamic United Nations has never been greater.

One year ago, the Secretary-General inspired us to take a hard look at this organization. We measured expectations against realities and, to no-one's surprise, found ourselves wanting. We recognized that we were in the midst of what the Secretary-General called "a crisis in the multilateral approach in international affairs". We unanimously agreed on "the imperative need to strengthen the role and effectiveness of the United Nations". We have not yet succeeded.

It is now time to move from high-sounding generalities, on which we can all agree, to specific measures for strengthening the multilateral system.

Peace and Security

The reputation of the United Nations is widely measured by its contribution to peace and security. We must turn around the current perception that the UN cannot respond forcefully to crisis and conflict. We must make more creative use of the existing provisions and mechanisms of the Charter.

The key is the Security Council and the way in which the Secretary-General works with the Council and the members work with each other. Council members have been seeking ways to make the work of the Council more effective. It will be unfortunate if political realities prevent any significant improvements. We count upon the members of the Council, particularly its permanent members, to exercise their responsibilities on behalf of all member states.

Is it naive to demand an enhanced spirit of co-operation and acceptance of responsibilities in the Council? One wonders in the light of recent events. The world will not soon forget that the Council was prevented from taking action on the destruction of a civil aircraft by the Soviet Union. We cannot write off this particular Soviet veto as a harsh fact of life. This exercise of the veto was callously irresponsible. It frustrated the Council from taking action to preserve the safety of international civil aviation.

Canadians continue to be outraged by the tragedy of September 1. On September 12, the Canadian House of Commons unanimously condemned "the unwarranted attack on and destruction of the Korean airliner on the orders of Soviet authorities". The House demanded "a full and truthful explanation of this brutal act from the Soviet government". It demanded "that the Soviet government

co-operate fully in any impartial investigation under the auspices of the United Nations and of the International Civil Aviation Organization to prevent any repetition of such a tragedy". And it demanded "that the Soviet authorities immediately offer full and generous compensation to the families of all victims, including Canadians". The text of this resolution was distributed on September 13 as a document of the Security Council and is available to all UN members.

Canadians are dismayed by the continuing failure of the Soviet government to respond to official Canadian communications on this matter. A Tass report is an insulting response to a reasonable request for information.

One UN agency — the International Civil Aviation Organization [ICAO] — is undertaking an urgent and impartial investigation to determine the facts of the incident. It is also reviewing ways of preventing a recurrence of this tragedy. Canadians expect the Soviet authorities to co-operate fully with ICAO.

The ineffectiveness of the Council in dealing with the Korean Air Lines incident demonstrates once again the need to find more flexible and creative ways for Council members to address disputes. I would hope that agreement could be reached, among Council members, on the following specific measures:

— First, the Secretary-General should be encouraged to make greater use of this authority, under Article 99, to bring current or potential crisis situations to the attention of the Council. To do this, he requires a greater "fact-finding capacity".

— Second, the Council should meet informally to avert potential crises by examining incipient disputes during in camera sessions with the Secretary-General.

— Third, the Secretary-General requires additional personnel and resources for more effective use of his "good offices" in the resolution of disputes.

These are not revolutionary steps. They can be taken on the basis of existing authority and by real-locating resources. But they would be useful and concrete.

They would facilitate the tangible progress on specific problems that is so urgently required. The Secretary-General has assumed his responsibilities in exemplary fashion. He does not, however, possess supernatural, nor alas supra-national, powers. We, as member governments, must also assume our responsibilities.

The Secretary-General has just reported on one problem that is crying for a solution — Namibia. It is almost five years to the day since the Security Council adopted Resolution 435. The outstanding issues regarding its implementation have, in substance, been resolved. All the parties have made concessions to achieve this result.

There is no excuse for further delay. South Africa's pre-condition to implementation, the withdrawal of Cuban forces from Angola, cannot legitimize its illegal occupation of Namibia. The question of principle is clear. Namibia should have its independence regardless of what happens or does not happen in Angola.

The Secretary-General has spelled out the political realities very clearly in his report to the Security Council:

- further disastrous consequences will result if we do not quickly reach the stage of implementation; and
- reaching this stage will require a determined effort by all concerned and particularly by those directly concerned.

The first step is clear. South Africa must end its incursions into Angola and its intervention there. It cannot seek unilaterally to reshape the region: boundaries and sovereignties must remain inviolate.

Second, the President of Angola has reaffirmed that his country has no desire to rely on foreign troops nor keep them on its soil once Angola is no longer threatened. Measures to strengthen confidence and lessen tensions are urgently needed between those directly concerned.

Third, the implementation of Resolution 435 during 1984 is the essential step. Without this, there cannot be peace in the region. Those who seek peace will meet this challenge.

A fourth step should follow. UNCTAD [the United Nations Conference on Trade and Development] is at present studying Namibia's economic and social needs. The international community will need to provide assistance to an independent Namibia. Canada stands ready to play its part.

The occupation of Afghanistan by the Soviet Union, and of Kampuchea by Vietnam, persist in defiance of resolutions passed by this Assembly. The ASEAN [Association of Southeast Asian Nations: Indonesia, Malaysia, the Philippines, Singapore and Thailand] countries, as recently as last week, have made constructive proposals aimed at a solution to the Kampuchean situation. On Afghanistan, the Secretary-General and his personal representative have made an effort to get a real dialogue going. The achievement of an equitable solution, however, will require the demonstration of a greater sense of responsibility on the part of the Soviet Union.

Canadians have participated in 15 UN peacekeeping forces and observation teams. Peacekeeping can be an important part of promoting the peaceful settlement of disputes. The presence of the UN Force in Cyprus, for example, has prevented a recurrence of intercommunal fighting and has helped to maintain law and order. There is still, however, no solution to the fundamental problems of the island. The Secretary-General and his representative have recently provided useful ideas on how a settlement can be reached. But until the parties themselves are prepared to make a serious commitment to negotiations, no just and lasting settlement can be found. Peacemaking must be seen to go hand-in-hand with peacekeeping.

The alarming course of events in Central America continues to preoccupy us. Political solutions to the region's problems are slow to emerge. For this reason we have welcomed the initiative of the Contadora Group [Venezuela, Colombia, Mexico and Panama] working with the five countries of Central America,

to find a path toward reconciliation. We are convinced that lasting solutions to the region's problems can be arranged only by the countries of the region — this approach is fully consistent with the UN Charter. The Contadora initiative provides a basic framework for stability and co-operation within which the root causes of the region's problems can be more constructively attacked than by military means.

One factor critical to the success of the Contadora initiative will be a positive response from all parties concerned to President Reagan's welcome offer of verifiable demilitarization. There has been some response both from Nicaragua and Cuba but, as yet, no dialogue nor any decrease in military activity. This is essential if an effective settlement in Central America is to be achieved. Canada would support concrete proposals by the Contadora Group to stop the process of militarization and to verify and monitor the progressive withdrawal of all foreign military personnel from the region.

Canada is committed to supporting these regional mechanisms. If renewed efforts by the five countries of Central America could lead to agreement among them on a common approach to economic and social planning, Canada would increase its contributions to the necessary regional infrastructure projects. We are more than willing to continue to help all countries there to solve their problems by themselves. But assistance to these countries will be effective only once they have jointly decided to reject outside military involvement. A common effort of this sort could help to restore the political stability and confidence without which programs for development cannot succeed.

Perhaps no issues have more frustrated this organization than the successive crises in the Middle East. The situation in Lebanon has been particularly tragic. We hope that the cease-fire just arranged will hold. The internal problems of this country have been complicated by others in the region who have chosen, at Lebanon's expense, ruthlessly to pursue their own interests on Lebanese soil. Canada strongly supports Lebanon's sovereignty, independence and territorial integrity. Foreign troops must withdraw unless they are present at the specific request of the legitimate government of that country. We must all actively support, through the United Nations and by any other means open to us, the search for a just solution based on national reconciliation.

Nor can we allow events elsewhere to deflect our attention from the Arab-Israeli conflict. Nothing has occurred, in the 12 months since we last gathered, to lessen the burning need for a lasting solution which assures the legitimate rights of the Palestinian people, including their right to a homeland in the West Bank and Gaza Strip. I encourage all parties to exercise restraint. I call on Israel to rethink its policy on settlements. I urge all parties to enter into genuine negotiations. I call on them to make clear, in unambiguous terms, their readiness to accept the right of all states in the area, including Israel, to exist in security and peace.

Questions of disarmament and arms limitation have become the central preoccupation of our time. Negotiations between the major powers have yet to show significant progress. President Reagan's announcement yesterday provides some encouragement that movement may be possible on the question of intermediate-range nuclear forces. The proposals he advanced are an important step forward and demonstrate a constructive flexibility on the US side which, we hope, will be matched on the Soviet side.

The major powers have the paramount contribution to make in disarmament and arms limitation. At the same time, we must ensure that multilateral negotiations, under UN auspices, serve to reinforce the arms control and disarmament process. Machinery already exists for this purpose, but it has to work more effectively. The Committee on Disarmament, for example, has shown mixed results over the past year.

I regret that a working group on arms control and outer space was not established this year by the Committee on Disarmament. Prime Minister Trudeau warned at the UN Second Special Session on Disarmament that "we cannot wait much longer if we are to be successful in foreclosing the prospect of space wars". This issue is urgent if we are to succeed in keeping outer space off limits to weapons of war. I commend the Group of 21 for their recognition of this urgency. Having tabled a substantive working paper on this subject in 1982, Canada has continued its research program on both the legal and technical aspects. We urge the establishment of a working group early in the 1984 session. We are prepared to co-operate fully in the detailed examination of the issues.

The Committee on Disarmament did make significant progress in the area of chemical weapons. Thanks to the co-operation extended to the Canadian chairman of the Committee's Chemical Weapons Working Group, we now have, for the first time, a complete document, approved by consensus, which outlines the elements of a convention on the prohibition of the development, production and stockpiling of chemical weapons, and on their destruction. The Working Group has been tasked to undertake, immediately at the outset of 1984, intensive negotiations on the text of a convention. Canada's concern with the need to eliminate chemical warfare is long-standing. It goes back to the First World War, when Canadian forces were subjected to the first massive gas attack. Since then, technological developments have made chemical weapons, as events in Southeast Asia in recent years have unfortunately demonstrated, even more pernicious. It would be a real achievement if a draft convention on chemical weapons could be agreed upon by the end of 1984.

We recognize the absolute necessity of verification if we are going to make real progress in international disarmament and arms control negotiations. Since the Second World War, Canada has attached special importance to the development of international verification mechanisms and has assigned a high priority to research in this area. We have been making available increased funding for research which will help in the technical and practical aspects of verification. We hope that by sharing the results of our work through the Committee on Disarmament, we shall make a real contribution to the Committee's effectiveness.

Economic Co-operation

Multilateral institutions face the same challenges in the economic as in the political sphere. We have started to meet the challenge. International co-operation has been strengthened through the most intensive round of high-level economic consultations in several years. The series of meetings beginning with the IMF and IBRD [International Monetary Fund and International Bank for Reconstruction and Development] meeting in Toronto in September last year, moving on to the first GATT [General Agreement on Tariffs and Trade] ministerial meeting in ten years, and then to the New Delhi Non-Aligned and Williamsburg Summits, and to UNCTAD VI [United Nations Conference on Trade and Development], have been exhausting but worthwhile.

These consultations have encouraged mutually-reinforcing national action in a number of sectors. There has been a welcome drop in inflation and nominal interest rates. In the debt area, we have seen an outstanding co-operative effort in handling major simultaneous reschedulings.

The IMF has performed with vigour and resilience. Developing countries have adopted courageous adjustment programs to restore their payments equilibrium. International financial institutions and bilateral donors have kept open the flow of resources for development. The GATT ministerial meeting compelled governments to take a hard look at their own behaviour and elicited renewed commitments to the open multilateral trading system. At the Williamsburg Summit, the major Western nations agreed on the vital interdependence of the world economy. The developing countries — seriously affected by the world recession — must be full partners in global recovery.

There is clearly no room for complacency. As I said at Belgrade, there are no quick fixes to problems which are deep and ingrained in the world economy. To turn this partial and uneven recovery into one that is durable and widespread, we shall need action on many fronts. Continuing efforts are essential to reduce interest rates. In responding to the debt problem, we must ensure an adequate flow of funds to the debtor countries to support their adjustment efforts. Adequate official funds must be made available through the IMF and the development institutions, especially to the low income countries, while commercial banks must continue to play an important role in international financing. The needs of IDA [International Development Agency] are particularly acute. For its part, Canada has re-committed itself to increasing Canada's official development assistance to .5 per cent of gross national product by 1985 and to make best efforts to achieve .7 per cent by 1990. We have today deposited our instrument of ratification of the Common Fund for Commodities.

In trade, the task ahead for our governments and international institutions is to work together to carry out and monitor the commitments we have already made. It is positive action, not just pledges, that will build confidence in the trading system and contribute to economic recovery. Canada is actively supporting efforts in the GATT and elsewhere to monitor commitments to resist protectionism. If individual governments are to resist protectionist pressures, they need to know that they are engaged in a genuine collective effort and are not simply standing alone. We are mindful of the vital role of trade in the process of global economic development, and of the contribution which export earnings can make to relieving severe strains on the payments balance of many countries. These efforts require our attention and resolve.

There is another area where co-operation must be nurtured. This is producer-consumer co-operation on petroleum. Repeated energy price shocks have been an important cause of accelerating inflation, lower real growth, the debt crisis and the muting of the North-South dialogue. We are now facing an opportunity for producers and consumers to work together, as a reflection of overwhelming common interests, in conservation, assurance of supply, and a fair, stable long-term price. There is now a greater spirit of realism in consumer-producer relations that offers some hope for pragmatic discussion of oil and related concerns in the coming years.

The international community has spent far too much time in trying to devise new machinery and not

enough in making what we have work better. I am encouraged by the pragmatic direction that the debate on reform of the international financial system has taken. The Commonwealth Study Group's report on Challenges for the World's Financial and Trading System represents a most useful recent contribution to this debate. Many of its recommendations are aimed, in the first instance, at bringing about greater multilateral co-operation within the perimeters of the present institutional system.

The same concern — to make existing institutions work better — has prompted the efforts by my country within the UNDP [United Nations Development Program] Governing Council to achieve a more assured system of funding for that institution, and to reinforce its role as a central fund for all UN technical assistance activities for development. We likewise attach importance to the current triennial review of the operational development activities of the UN system. This review provides an opportunity to reassert a coherent sense of purpose and direction to practical co-operation between North and South.

I have emphasized the most difficult issues of peace and security and economic co-operation. We should, however, balance our natural concern with these problem areas by recognizing and publicizing the ongoing achievements of the UN system. Too often, these are taken for granted. To cite a few examples:

— First, the UN specialized agencies continue to spearhead international co-operation in many vital technical areas. The International Civil Aviation Organization is the most recent case in point. It is important for us to ensure that the specialized agencies succeed in preventing extraneous political issues from diverting them from their principal tasks.

— Second, slow but steady progress has been made, since the approval of the Universal Declaration of Human Rights in 1948, toward the creation of a body of international treaties, mechanisms and procedures which should eventually cover all flagrant violations of human rights. No government can claim any longer that human rights abuses are solely within their domestic jurisdiction. The UN's work in human rights goes hand-in-hand with its efforts in the co-ordination of humanitarian assistance to refugees and in the case of natural or man-made disasters. We agree with the Secretary-General that the "individual human being" is "the ultimate *raison d'être* for all our activities".

— Third, the UN system remains in the vanguard of the progressive development of international law. Pioneering legal regimes have been established in crucial fields — such as law of the sea, outer space, civil aviation, telecommunications, and trade. If the system, however, is going to keep pace with new developments and technologies, legal considerations will have to take precedence over political objectives.

— And fourth, the UN system is also actively facilitating international co-operation to come to grips with the most persistent problems facing society. One innovative proposal, which will be considered by the General Assembly at this session, is for the establishment of an international commission on the environment. The commission would address one of the major challenges facing the international community by studying the impact of economic and social development on the world's environment up to and beyond the year 2000.

If the UN system is to deal effectively with the panoply of current issues, we the member states must

not stray from the basic ground rules of the system. Universality of membership remains fundamental to the viability of the system. As stated in Article 4 of the Charter, membership in the UN should be open to all peace-loving states which accept the obligations contained in the Charter. This description certainly applies to the Republic of Korea which, in its reaction to the calamity of September 1 and in its other actions, has demonstrated clearly its responsibility and desire for peace.

Another basic obligation of membership is that member states must pay their assessed shares of UN budgets and resist the temptation of refusing selectively to pay their shares of certain parts of these budgets. Otherwise, the system will be undermined.

This very week many heads of state and government, including my own prime minister, are conferring here in New York. They have not lost faith in the multilateral institutions we have so painstakingly constructed. The UN system may be far from becoming, as some would hope, a world government which can enforce its decisions. But it is also far from being dominated, as others would have us believe, by a "tyranny of the majority". We must dig beneath these slogans. We must reinvigorate our multilateral institutions in practical ways. Canada is committed to this goal.



Statements and Speeches

SS 83/18

REFLECTIONS ON PEACE AND SECURITY

Notes for remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister, to the Conference on Strategies for Peace and Security in the Nuclear Age, University of Guelph, Ontario, October 27, 1983.

Let me, first, congratulate the organizers of this conference. The theme is compelling; your membership is eminent; and your location is appropriate. It is appropriate because the name of Guelph reminds us of another age which was torn by hostile systems, competing alliances and profound ideological division.

The depth and violence of the dispute between Guelphs and Ghibellines tore Europe apart for much of the twelfth and thirteenth centuries. The argument was fundamental for the time. Who was supreme, Pope or Emperor? It spread from Germany to Italy, France and Sicily, drawing other powers and interests in its wake. No country, church, class or family in Europe was immune from the destructive force of that question.

Popes excommunicated emperors. Emperors took up arms against successive popes. The battle between Guelphs and Ghibellines was remarkable for its ferocity, for the loss of life and the wreck of cities, for its pervasive and lasting influence throughout European politics and culture. It was an early version of total war — on a continental scale. And, because both history and geography are written by the victorious, the name of Guelph lives on, given to this place as the proud heritage of a ruling dynasty.

That this city of Guelph is to be found in Canada encourages me to underline a further proposition, familiar but profound: that we Canadians have a framework of long-standing and deep-rooted ties with Europe and with European conflicts. There is a European-ness, well beyond place-names, in our history, in our culture and in the predisposition of many of our government policies. I do no disservice to our North American nature nor to our place on the Pacific Rim. But our engagement with Europe comes home with particular force in questions of peace and security.

Canada's participation, from the beginning, in both world wars of this century, our founding and loyal membership in NATO [the North Atlantic Treaty Organization], our decision to test the cruise missile in Canadian territory, all demonstrate the recognition that our own security is tightly bound with the security of our European allies.

A nation of our size and geographic location could, in the past or in the present, have considered other options. Those options, whether of isolationism, or of being a nuclear-weapons state ourselves, have in Canada been invariably set aside in favour of a commitment to collective security. Our dedication to the Western Alliance, and to our partnership with the United States in the defence of this continent, is part of the bedrock of our foreign policy.

But the political, economic and military obligations we have undertaken for our common defence offer commensurate rights and duties. Among them is the right to speak about the full range of Western policies, and the duty to reflect about where we are and where we should be going.

We are not silent partners in any of the councils we have joined — because silence would mean the abdication of responsibility in the face of crisis. We are not ambiguous about our international commitments — because we recognize our deep engagement with an interdependent world. We are not afraid to negotiate with those who may threaten us — because that fear would betray lack of confidence in the vital strength of our own values.

That is the mood I want to bring to you this evening, and the spirit in which I want to share with you some of my own reflections on your theme of "Strategies for Peace and Security in the Nuclear Age".

I will tell you right away that I am deeply troubled: by an intellectual climate of acrimony and uncertainty; by the parlous state of East-West relations; by a superpower relationship which is dangerously confrontational; and by a widening gap between military strategy and political purpose. All these reveal most profoundly the urgent need to assert the pre-eminence of the mind of man over machines of war.

There is today an ominous rhythm of crisis. Not just an arms crisis. It is a crisis of confidence in ourselves, a crisis of faith in others. How can we change that ominous rhythm? That is the question which brings me here tonight.

I start from what I suppose is a problem in epistemology — the difficulty all of us experience in trying to know what is going on in the world — to know it and to understand it in a manner that is accurate, that provides the ground for useful action.

Too often our knowledge and our judgments are true and false at the same time. This is often the distinctive sign of rapidly changing realities which tend to elude our understanding. For example we know that there are, in the Eighties, many new kinds of power and many new centres of power. There is the power of oil, or of cheap labour, or of regional hegemony. We call it a multipolar world — which suggests that no nation can act in isolation, that no power is truly dominant. But surely it is also true, and perhaps now with a special force, that the superpower relationship is at this time as dominant and as crucial as it ever was in the Fifties — when we had a more simplistic bipolar model with which to understand the world.

Another example: military strategy is the subject of much debate these days. This is a positive sign. Many strategists, in rightly trying to increase the odds against the nuclear gamble, advocate increased strength in conventional weapons, and new doctrines for conventional deterrence. Some of these doctrines have the sound purpose of delaying, or even preventing, the terrible resort to nuclear weapons in any European conflict.

I believe that such a raising of the nuclear threshold in Europe is a concept of the first importance. It would not be an easy, or an inexpensive task. But even as I am attracted to this concept in its application to Europe, I am troubled by a broader implication. Non-nuclear weapons are in an advanced state of technology, and are widely marketed. Sea-skimming missiles, laser-guided bombs and fragmentation weapons are available for distribution. Is it the purpose of nuclear arms control to make the world safe for conventional warfare?

Surely a basic term is missing in this equation: it is the encouragement of an equilibrium of conventional arms and forces, balanced at lower rather than higher levels. An agreed framework of conventional deterrence against armed aggression — but significantly reducing any dangerous concentration of forces.

This is to some extent the task of the Mutual and Balanced Force Reduction talks [MBFR] in Vienna. But those talks will not succeed unless their importance in terms of military strategy is developed within a wider framework of East-West confidence and political will.

Let me suggest a further example of our difficulty in understanding a time which appears to be out of joint. A moment ago I used the word interdependence. It is the accepted description of the world as we know it. We think it describes a rational and positive condition, an ethic to be encouraged. But we are also learning that the consequences of interdependence are frequently unforeseen, often irrational, negative, and out of control — rogue trends which promote inequality among states, and deep strains between them.

If we have difficulty understanding the intricacies of interdependence, we are not yet even close to managing the economic linkages with peace and security.

Consider Poland. Its economic collapse strongly suggested action to assist. Western banks were deeply exposed. There seemed to be a common interest in the renewed viability of the Polish economy. But the overriding political considerations, in light of the brutal declaration of martial law, pointed in quite the opposite direction.

Thus, the debate over East-West economic relations — which haunts every Western council — reveals the fundamental and unresolved question of how much economic interdependence is desirable between the two systems. Some say less. Some say more. Those who argue for less are often, paradoxically, the first to advocate the punitive merit of economic sanctions — which are only effective if interdependence exists, and if Soviet behaviour is modified by the expectation of economic benefit. Moreover, some who argue for economic sanctions in the civilian sector apparently believe that this will influence Soviet military spending. Yet they may add that there is little if any relationship between civilian and military economies in the Soviet Union.

This particular debate tends also to lay open one of the most gaping self-inflicted wounds of the current period. That is the unfortunate tendency for a discussion which starts off about East-West relations to wind up in the fratricide of West-West relations. There have been days when I, or Ronald Reagan, or Margaret Thatcher may seem to have been accused, for whatever reason or passion of the moment, of posing a greater threat to the security of the West than do the Russians and their associates.

It is almost as though the diversity, pluralism, and freedom of expression which we are determined to preserve through the Alliance, are not seen as appropriate within the Alliance.

The Alliance in arms against itself is a paradox rich with historical allusion. NATO will avoid that fate if we are wise. But institutions cannot grow to meet new challenges if their level of debate — their intellectual universe of discourse — does not expand to meet the changing realities of our environment.

Therefore, I am uneasy with these paradoxes. I am not satisfied with our ability to analyze and understand the complexities of an entirely new phase in East-West relations. I am not reassured by the posture and rhetoric of an earlier wartime age — an age, by the way, in which Canadian nerves were not found to falter.

For it is not our nerves which are being tested now, and these are not playing fields on which we stand and cheer. It is the killing-ground of life itself — and what is being tested is whether the force and will of our statecraft can reverse the momentum of the nuclear arms race.

When I spoke in June of last year at the Second United Nations Special Session on Disarmament, I said:

“... I understand full well the people’s anguish and confusion. The nuclear debate is difficult and seems to pursue an inverse logic. It deals with power that, by common consent, is unusable. It argues for more nuclear weapons in order that, in the end, there may be fewer. It perceives the vulnerability of cities and of human beings as an element of stability in the nuclear balance. And worst of all, the debate goes on without much evidence of any light at the end of the tunnel.”

More than a year later, I still see little light ahead. How did we arrive at such an impasse? Some of the answers lie in the ragged course of East-West relations over the past 15 years. Those relations have an innate tendency to defy management and control. They are animated by competing philosophies and civilizations, and armed with weaponry that is global in scope. Like Guelphs and Ghibellines, the two sides advocate radically different visions of political order, human values and social behaviour.

As Canadians, we know where we stand. We have a distinguished record of accomplishment in working for international peace and security. NATO has without doubt been one of the instruments preventing nuclear war for the past 35 years. Canada has done pioneering work in the United Nations and elsewhere on arms control and disarmament. Our nuclear power industry has perforce made us experts on safeguards agreements and has given us a special commitment to the cause of non-proliferation. We have continuously pressed for a comprehensive nuclear test ban treaty, for a convention to prohibit chemical weapons, and for the prohibition of all weapons for use in outer space.

We have played our part in periods of co-operation, and pulled our weight in periods of confrontation. We have identified a distinctive Canadian space in East-West relations, determined by our history and geography, by our membership in NATO, by successive waves of immigration, by such priorities as trade and human rights, and by that sense of realism which is, to paraphrase John Holmes, both the achievement and the comfort of the middle-power’s middle age.

I don't believe we had any illusions about the short-lived and much-maligned period of *détente*. I certainly have no embarrassment about my own part in that process, bred in a conjuncture of geopolitics, economic aspirations, and collective leadership on both sides.

But the process too soon became part of the problem. The main achievements of the late Sixties and early Seventies were carried forward with difficulty, perhaps with an overload of linkage. Historians may reflect on the reasons why 1975 was the year which saw both the high point of the formal structure of *détente* in the conclusion of the Helsinki Final Act — and the imminent erosion of its broader purpose as a result of Soviet-Cuban adventurism in Angola.

Détente rapidly showed signs of a process being drained of its substance. Core issues were held hostage by one side or the other — human rights, economic co-operation, hegemony in key spheres of influence. *Détente* became both divisible, and reversible.

And yet, I am not ready to call *détente* a failure. There were clear benefits of stability and co-operation. Its long-term impact, for example on Soviet elites, cannot yet be judged. Moreover it did coincide with, or provoke, an important impulse in the early Seventies which seems to have been lost without trace. It is the impulse toward political dialogue, toward regular consultation at the most senior levels of the East-West system.

This was not talk for the sake of talk. It led to a set of interlocking bargains or understandings on strategic arms, on Vietnam, on the place of China in the world, on co-operation in outer space. Techniques of crisis management were put tenuously in place. It was an impulse in which elements of mutual respect contended with the search for advantage — which is to say it was high politics in action.

With the loss of that impulse, and in the absence of high politics in the East-West relationship, it is not surprising that any shred of trust or confidence in the intentions of the other side appears to have vanished as well. Also missing, and this troubles me deeply, is much trace of political craft and creativity directed at ameliorating the intentions of the other side. There is a disturbing complacency, a readiness to adapt to the worse rather than to exert our influence for the better. We are, in short, de-politicizing the most important political relationship we have.

The responsibility for this lies partly, but by no means exclusively, with both superpowers. The United States and the Soviet Union outstrip the rest of us in their global reach, their armaments, and their leadership responsibilities. Naturally, they differ greatly — and I am not committing the fallacy of describing them as equals in any moral sense at all. Nevertheless, they breathe an atmosphere common to themselves, and share a global perception according to which even remote events can threaten their interests or their associates.

And there are some other features which both powers have in common: continental land-mass and considerable economic self-sufficiency; ambivalent relationships with Europe and with Asia; complexities of demography; a central focus on each other in their policies; spasms of unilateralism and isolationism.

it is therefore facile to deny the grave responsibilities which are shared in Washington and Moscow, or to deny that what both seem to lack at the present time is a political vision of a world wherein their nations can live in peace. What is essential to assert is that, just as war is too important to leave to the generals, so the relationship between the superpowers may have become too charged with animosity for East-West relations to be entrusted to them alone.

Military scientists make a routine distinction between capabilities — what weaponry the enemy has; and intentions — when, how, and why he intends to use it. I am profoundly concerned that we are devoting far too great a proportion of our time to the enumeration of capabilities, and far too little to the assessment of intentions which govern the use of arms. We may at some point be able to freeze the nuclear capability in the world at greatly reduced levels. But how do we freeze the menacing intentions which might control those weapons which remain? Therein lies the inadequacy of the nuclear freeze argument.

Although known as the architect of total war, Von Clausewitz himself insisted on a political framework for military capabilities. He said that:

“War cannot be separated from political life; whenever this occurs in our thinking...we have before us a senseless thing without an object.”

On that point, I agree with him. I am convinced that casting a fresh linkage — of military strategy with, and subordinate to, strong political purpose — must become the highest priority of East and West alike.

This is a period of deep questioning of many of the strategic concepts which have dominated the post-war world. New-school strategists, and critics from left and from right, are probing the fundamentals of strategic thought in the nuclear age from many points of view. They are in agreement, however, when they point to changing realities, to evolution in the psychology of those who live constantly with the spectre of nuclear war, and to the importance of weeding out obsolete ideas.

But much of this questioning, provocative as it is, strikes me as missing an important point. And that is the place of military strategy in the nuclear age. I believe that military strategy must, above all, serve a comprehensive set of political objectives and controls, which dominate and give purpose to modern weapons and to military doctrine. Our central purpose must be to create a stable environment of increased security for both East and West. We must aim at suppressing those nearly instinctive fears, frustrations, or ambitions which have so often been the reason for resorting to the use of force.

Therefore it is essential to Western purposes, in my judgment, to maintain in our policies elements of communication, negotiation, and transparency about our own intentions — plus a measure of incentive for the Soviet Union first to clarify, and then to modify, its own objectives towards the West.

This was, in a limited sense, the philosophy which underpinned the NATO response to the Soviet build-up of SS-20 missiles in Europe. We had to ask ourselves what purpose of political intimidation could be

served by that build-up. That is why we decided to respond with a two-track approach — deployment and negotiations. This approach has given the Soviet Union both the clear incentive to reach agreement, and the table at which to do so. I and my fellow NATO heads of government remain firmly committed to that two-track decision.

The tragic shooting down of the Korean airliner raises further questions about military dominance on the Soviet side. Is the Soviet military system edging beyond the reach of the political authorities? Are we contributing to such a trend by the absence of regular contact with the Soviet leadership?

These considerations suggest that our two-track decision may also require, as the time for deployment comes closer, a “third rail” of high-level political energy to speed the course of agreement — a third rail through which might run the current of our broader political purposes, including our determination not to be intimidated.

The risk of accident or miscalculation is too great for us not to begin to repair the lines of communication with our adversaries. The level of tension is too high for us not to revive a more constructive approach to the containment of crises. The degree of mutual mistrust is too intense for us not to try to re-build confidence through active political contact and consultation.

Only in this way can the quality and credibility of efforts toward peace and security, from whatever quarter, be animated and reinforced. But it is a precondition of that goal that Western councils, particularly at the head of government level, benefit from the free flow of ideas which we maintain in our own societies, and which we advocate for others. That, too, forms part of our armament and we should not hesitate to deploy it.

Because the trend is for arms negotiations, like military strategy itself, to become ever more distanced from the political energy of the participants. I have mentioned the MBFR talks in Vienna. That forum has laboured for over ten years and produced very little by way of results. Those talks require urgent political attention if they are to move off dead centre. Over the years, other leaders and I have made several proposals in that direction — proposals which now merit wider support.

We have high hopes for the Conference on Disarmament in Europe, established by the CSCE [Conference on Security and Co-operation in Europe], and due to open in Stockholm next January. Canada will do its utmost to make that conference productive. We recognize the importance of agreement on confidence-building measures of a military nature. But these negotiations, important as they are, will not advance our larger hopes if they proceed in a political vacuum. The delicate framework of security in Europe cannot be balanced on the fate of one or two sets of negotiations alone. These negotiations must be grounded in a structure of stable East-West understanding: reciprocal acknowledgement of legitimate security needs, regular high-level dialogue, and a determined approach to crisis management. Here, again, we require that jolt of political energy which I have described as the third rail.

What is missing is a strategy of confidence-building measures of a political nature:

- Steps that reduce tensions caused by uncertainty about objectives, or caused by fear of the consequences of failure;
- Steps that mitigate hostility and promote a modicum of mutual respect;
- Steps that build an authentic confidence in man's ability to survive on this planet.

In short, we must take positive political steps in order to reverse the dangerously downward trend-line in East-West relations.

I shall be exploring such steps with our allies, with other leaders, and with groups such as yours. We must work in a balanced and rational fashion, with a degree of trust, a degree of belief in the good sense of mankind, and with a strong recognition that the task is urgent. The negotiations on theatre nuclear forces in Europe, and on strategic forces, are taking place between the superpowers. Canada is not at the table, and we have no wish to insert ourselves into this vital and delicate process. It is my hope, however, that we might help to influence the atmosphere in which these negotiations are being conducted, and thereby enhance the prospects of early agreement. We need to be realistic about the hard factors in play. We must appreciate the primordial drive for security and for sovereignty which is never very far below the surface of the arms control debate.

Let us begin the search for what Franklyn Griffiths has termed a strategic Keynesianism — counter-cyclical measures which work to moderate the terrible lurch from hope to crisis. We shall have to go against the flow.

I intend to speak further, in other speeches in the weeks ahead, about these issues of confidence, stability, arms control and political will, which dominate not only our times, but our lives as well. I have this week begun a process of close discussion with President Reagan. My consultations with other leaders have already commenced. I plan to take to them in person my own recommendations for a strategy of political confidence-building.

We will want to look at several elements:

- ways of designing a consistent structure of political and economic confidence with which to stabilize East-West relations;
 - ways to draw the superpowers away from their concentration on military strength, toward regular and productive dialogue, toward a sense of responsibility commensurate with their power;
 - ways to persuade all five nuclear-weapons states to engage in negotiations aimed at establishing global limits on their strategic nuclear arsenals;
-

- ways of improving European security through the raising of the nuclear threshold, including the imposition of a political dynamic upon the static MBFR talks in Vienna; and
- ways to arrest the proliferation of nuclear weapons among other states.

It is my personal purpose to live up to the undertaking, made by leaders at the Williamsburg Summit last May, "to devote our full political resources to reducing the threat of war". The questions to be raised, as I believe I have shown you tonight, are not easy. There are priorities which inevitably conflict. A new climate of East-West confidence cannot be instilled in a day, nor can the arms race be stopped overnight. But in so far as I, and other leaders who share this purpose, can work together to build authentic confidence, I pledge to you that we shall.

Not to do so at this time would, I believe, amount to a form of escapism — an escapism well defined by the Harvard Nuclear Study Group in their thoughtful book, *Living with Nuclear Weapons*. The book cautions against two forms of escapism: the first form is to believe that nuclear weapons will go away. The authors rightly and regretfully say that they will not. But the second form of escapism, they point out, is to think that nuclear weapons can be treated like other military weapons in history. Surely it is clear that they cannot.

And therefore I would add a third form of escapism, which we indulge in at our peril. That is the escapism of allowing shrill rhetoric to become a substitute for foreign policy, of letting inertia become a substitute for will, of making a desert and calling it peace.

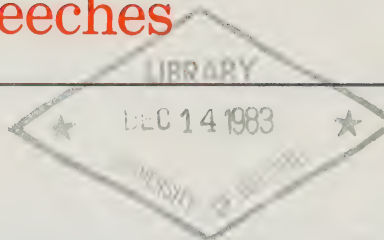
Thank you.

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ACID RAIN AN ISSUE OF CRITICAL IMPORTANCE

Address by Allan Gotlieb, Canadian Ambassador to the United States, to the Joint Session of the Houses of the Minnesota Legislature in the State Capitol Building, St. Paul, Minnesota, USA, May 3, 1983.

Using modern techniques of paleo-ecological research, archaeologists have recently put forward some novel ideas about one of the centres of Mayan civilization. This extraordinary community began at about the time of Homer's Greece, in what is today Guatemala. It grew during the following 17 centuries at a rate such that population approximately doubled every four centuries. Then, about 1 000 years ago, when it had reached its peak culturally, architecturally and agriculturally, the civilization suddenly collapsed. There is emerging evidence that the Mayans put such pressure on the accessible ecosystem that they robbed themselves of their natural endowment.

The principal ingredients of this tragedy seemed to be deforestation, and erosion and impoverishment of topsoil. The land could no longer support the people.

Similarly, North Africa, so much of which is now desert, was once the granary of the Roman Empire.

What has all this got to do with the Canadian Ambassador to the United States visiting the state of Minnesota in 1983 and having the pleasure and great honour of addressing a joint session of the state legislature? It is not to suggest we are latter day Mayans. I do not hold with predictions of imminent doom. We have learned from history — if not from that of the Mayans, then from our own. We know better, though we don't always do it as well as we might. As a distinguished member of your federal legislature once said, "pollution resembles what is euphemistically called a social disease — it is generally caused by human beings doing something they really enjoy without thinking through all the consequences".

My purpose in referring to the Mayans is to provide a backdrop to a basically optimistic position. It is my perception that the people of Canada and the people of Minnesota share a very similar view of our relationship with the natural environment.

We live close to the land and understand its importance, not just in environmental terms but in social and economic terms as well. Here in the north country with our thin soils, our slow growing forests, and our fragile aquatic ecosystems, we know and understand that our economic well-being rests ultimately on the health and fertility of the biosphere. We know and understand that we must act in ways that often go far beyond the arithmetic of cost benefit analysis so as to husband and nurture our endowment of natural resources. We must do this to ensure that the earth will continue to provide us with the products — nutritional, economic and aesthetic — that sustain our lifestyle.

We have learned a lot since the Mayan civilization collapsed. We know what we have to do to avoid similar mistakes. Traditional economic approaches simply aren't good enough when it comes to ensuring that our resource base does not weaken and shrivel under the pressure of overuse and misuse.

Put in a global context, we in this blessed corner of the world are very fortunate. We still have our forests. By contrast, the amount of wood harvested per person world-wide has been dropping since 1964; and some of the world's major forests, especially in the tropics, will at current rates of harvesting be virtually destroyed by the end of this century. We still have productive lakes and streams with healthy fish populations. By contrast, world-wide overfishing and poor conservation have caused declining *per capita* fish catches since 1970. We still have fertile lands that produce far more food than we can consume. But world-wide *per capita* availability of beef and grain have been dropping for several years.

These statistics reflect only part of the sobering trend. A regional war is allowing a damaged well to spill oil into the Persian Gulf; in parts of the Mediterranean the seafood should be eaten only infrequently because its flesh is laced with man-made chemicals; and some of the forests of central Europe can no longer grow because air pollution is damaging the soil. It is not just overuse that is threatening parts of the biosphere on which ultimately all life depends; some of it is also being poisoned by man-made pollution. That is one problem the Mayans did not have; they didn't know how to make polychlorinated biphenyls (PCBs).

I say this not to make apocalyptic predictions about our imminent collapse as a civilization; quite the contrary. I do it to illustrate my belief that we in North America have made great strides in learning to live in harmony with our natural surroundings. Canada and the United States are not, to misquote Churchill, divided by a common environment.

Our two countries have shown world leadership in attacking some of these problems. We have done this by supporting international efforts of various kinds, through the United Nations and other multilateral bodies. But mostly, we have done it by developing and pursuing responsible environmental and resource management policies at home. We have restricted the use of chemicals which would harm the environment. Perhaps, as in the case of DDT, we did it mainly on the grounds of human health, but then protecting human health means protecting the environment too. Reducing air pollution in our urban areas so people could breathe also reduced the amount of pollution available to damage nearby crops. Controlling discharge of sewage into our lakes and streams so people could drink the water also made the water more hospitable for fish.

We are taking a number of steps to begin to deal with such problems as soil erosion, destruction of prime farmland, excessive harvesting of forests, over-fishing and over-hunting. In myriad ways we are showing that, as societies, we have grown sensitive to the need to stop acting as frontiersmen out to tame a wild land but as thoughtful and responsible custodians of the natural resources that comprise our main legacy to our children. We know that we cannot for long go on eroding the base of civilization as did the Mayans. We must preserve and not exceed the sustainable yield of our resource base. We must no longer engage in the biological equivalent of deficit financing.

The US-Canada border has been a crucible where international co-operation in rational and fair management of scarce natural resources has been tested. It is fair to say that no other two countries on earth have dealt more responsibly with shared resources. We owe this in part to the foresight of those who in

1909 completed work on the historic Boundary Waters Treaty. We owe it to that unique binational entity, the International Joint Commission, which has studied many bilateral environmental problems and come forward with effective and far-sighted proposals. We owe it to the growing environmental ethic in both our countries. But perhaps most of all we owe it to the sense of good neighbourliness which is manifested so well here in Minnesota.

It would be wrong to speak of these matters as simply questions of environmental protection or as disputes between so-called environmentalists and so-called developers. The history of environmental issues between Canada and the United States is instructive. In virtually every case the reaction on one side of the border to a perceived threat of pollution from the other side, was based, to an important degree, on social and economic considerations. In other words, on both sides of the border, people have demonstrated again and again that their concern for preserving environmental values is in some ways a surrogate for fear that transboundary environmental degradation will undermine their lifestyles and damage the base of their economy. That is why Montanans feel strongly that any coal mining in southeastern British Columbia must be carried out in a way which will fully and effectively protect the Flathead River; they want to preserve the excellent fishing which is an important part of the local economy as well as the local lifestyle. That is why people from my home province of Manitoba feel strongly that any Garrison Diversion Project in North Dakota must be carried out in a way which will prevent damage to Manitoba waters; those waters are the basis of their agriculture, of industry and of recreational and commercial fishing. That is why Canadians and Americans alike supported their governments in the momentous change in attitude that resulted in the massive clean-up of the Great Lakes.

Even setting aside wilderness lands often has an important socio-economic component. One of the best examples of bilateral co-operation here is that pair of environmental jewels, Quetico Park in Ontario and the Boundary Waters Canoe Area in Minnesota. The close working relationship between the managers of those lands deserves special commendation. But even here we know that setting aside and protecting as diligently as we do these two wilderness areas is much more than the expression of a preservationist philosophy. We know that the pristine quality of these beautiful lands provides unique and highly prized recreational opportunities for many of you and many in Canada who have the good fortune to live nearby. And it attracts tourism to a region where outside visitors provide a powerful boost to the local economy. That surely was the determinant of your concern about Ontario's plans for a power plant in Atikokan.

But what would happen to this land and to the local economy if the trees stopped growing and new trees failed to germinate, as is now happening in central Europe? What would happen if the rich and varied aquatic life perished and the lakes and streams became a kind of wet desert as is now happening in central Ontario? That would not only be a tragedy in environmental and ethical terms; it would also be an economic calamity.

It is that synthesis of affection for the land and understanding that we must protect it if it is to sustain us that lies at the heart of the powerful concern that Canadians and Minnesotans share about acid rain.

As the political debate swirling around the acid rain issue has grown in intensity, one major theme has

become dominant: do we know enough to take action now? The point has been made eloquently and often, that controlling the emissions that produce acid rain would cost a lot of money. And that, depending on how it is done, it might cost jobs and it would cost consumers. The conclusion is then either drawn or implied that until science provides us with some undefined degree of certainty it would be imprudent and irresponsible to reduce pollution.

If our only concern was this month's or this year's balance sheet, and if our only yardstick was economic cost benefit analysis, we should do nothing about acid rain. But by the same token we should have done nothing about DDT or soil erosion or reforestation. We should then also deregulate fishing and hunting seasons and not worry about next year's game. Market forces tend to demand and reinforce short-term decisions. Our sense of history and our social values demand a longer view. How we balance these sometimes competing interests will determine how we respond to acid rain.

Still, the issue of scientific uncertainty is a valid one. Whatever the perceived threat, there must be some reasonable basis of scientific fact before we decide on serious and expensive courses of action. Are we sure we are on the right track? Is it not possible that today's acid rain researchers are like the flat earth astronomers of the middle ages following the beliefs of Ptolemy? Are we still waiting for the Copernicus of acid rain?

It does not seem very likely. First, let us look at what we do know. The small international community of acid rain researchers has been telling us for many years that we have a potentially devastating problem. This group is remarkable, not only for its insights and the rapidity with which it has advanced our understanding of acid rain. It is also remarkable for the broad consensus that exists within it on the central points:

- that acid rain is real;
 - that it is essentially man-made;
 - that it is associated primarily with major industrial regions;
 - that it results from transformation in the atmosphere of sulphur and nitrogen oxides into strong acids;
 - that those acids are then deposited, sometimes hundreds, occasionally thousands, of miles away;
 - that there are many areas on earth which are not acidifying naturally but are sensitive to unnatural acidification;
 - that such acidification is taking place;
 - that it has caused the diminution or destruction of fish and other populations in many acid sensitive lakes and streams;
 - that far larger numbers are at risk; (including 2 000 in your state)
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- that there is strong and growing evidence suggesting that forests in such regions are also at risk;
 - that acid rain, often in combination with other pollutants, is doing great damage to man-made structures, including the relentless obliteration of some priceless historical buildings and monuments;
 - that a variant of long-range pollution, photo-chemical oxidants, is damaging many agricultural crops and reducing yields;
 - that mobilization of toxic heavy metals is beginning to render some water supplies unfit for human consumption.

What are the alternative explanations? Well, we have heard that acid rain might be some kind of natural phenomenon that comes along every few hundred years. The trouble is that there is no supportive scientific evidence. Indeed, the geological record shows quite the reverse. We have been told that natural sources of acidity might be more important than we think and that these include volcanoes, swamps, sea spray and lightning bolts. We have also been told about super bowls in the sky, where pollutants mingle in some magical ways so that what comes down is not necessarily a direct function of what goes up. Again, this hypothesis has everything to commend it except a shred of scientific evidence.

I would say that the science of acid rain is as persuasive as it is frightening. Aside from defining for us the risks and establishing the causes, it has also now told us what we have to do. Studies in Europe and North America have demonstrated that for all the complications, the principal culprit is sulphur. When the amount of sulphur that falls on an acid sensitive ecosystem goes above about 18 lbs, per acre per year, sooner or later damage occurs. Below that threshold all but the most sensitive areas will be able to cope and will not be harmed. Clearly then, what we must do is reduce the deposition of sulphur in sensitive areas to that critical level. That in turn means reducing emissions of sulphur dioxide in eastern North America by about 50 per cent. And so we see that the proposal that Canada made to the United States for a joint 50 per cent reduction in emissions in sulphur dioxide was not a handy round figure pulled out of a hat. Rather it is a straightforward interpolation of scientific data. We remain ready to join with you in effecting such an emission reduction.

At the same time we are sensitive to the employment and cost implications of such a step in both countries. We are concerned that the emission reduction strategies be designed to minimize short-term socio-economic costs but we are anxious that the job begin as soon as possible. Even if we were to succeed in negotiating a bilateral agreement tomorrow, it would still be many years before the necessary legislative, regulatory and practical problems would be worked out and emission reductions affected. In the meantime more lakes would die, more forests would be damaged, and the long-term economic costs of continuing environmental degradation would multiply.

Perhaps I should be more specific and give some idea of the resources at risk in Canada as well as the costs of reducing emissions to non-damaging levels. Gross economic activity generated by sport fishing in eastern Canada in 1981 exceeded \$1.1 billion. Tourism revenues as a whole were \$10.4 billion and an important part of that amount, in Canada as in Minnesota, is a function of the general public's

perception of a clean, healthy, enjoyable outdoor world. Shipments of forest products from eastern Canada amounted to \$14.6 billion in 1981. Together these revenues accounted for about 8 per cent of the gross national product for the entire country. One in ten working Canadians owes his or her job directly or indirectly to the forest products sector. This makes it proportionately far more important than, for example, the automobile industry in either country. No one has yet begun to calculate the inevitable decline in land values and loss of stable population, especially in important tourist areas, that would accompany destruction of local fishing, but it would surely happen. It is this, the enormous long-term economic risk and related social dislocation that makes acid rain an issue of critical importance for Canadians as it does for Minnesotans.

And what would it cost to bring emissions down by 50 per cent in Canada? Naturally it depends to a degree on the kind of scenario that is worked out. But our best estimates for a 50 per cent reduction in sulphur dioxide emissions in eastern Canada suggest an initial capital investment of just over \$3 billion. This gives rise to operating and amortization costs of about \$1 billion per year, or about \$41 *per capita*. By comparison, the Congressional Office of Technology Assessment has calculated that a 50 per cent reduction in the eastern United States would cost between \$2.5 and \$4.75 billion per year or \$9 to \$20 *per capita*. Bearing in mind that such costs would be brought on gradually over a period of years. I fail to see how we could do other than conclude that the costs are not only necessary but eminently affordable. The alternative is to play economic Russian Roulette with the lakes, streams and forests that are sensitive to acidification.

I know that Minnesota has been at the forefront of calling for action to deal with acid rain as well as in carrying out research. I salute you for your important pioneering role. I know that some of the early research in acid rain was done in your state by EPA's Duluth laboratory and that much important data collection and interpretation is now being conducted by the state's pollution control agency. Their just released report makes sobering reading. I know that you have proposed state legislation designed to do the only thing that really counts: to reduce emissions of the pollutants that lead to acid rain. I know that Minnesota and Ontario are enlarging their co-operative activity in this field. Such co-ordination of research activities and information exchange is very important in this rapidly evolving field and is to be encouraged.

In Canada we have also taken some first steps. I know this is of interest to you because perhaps one fifth of Minnesota's acid rain comes from my country. We have amended our Clean Air Act to give the federal government unquestioned authority to control transboundary pollution. The Inco smelter is under order to bring emissions down to 1950 tons per day, and Ontario Hydro is proceeding with a 43 per cent SO_2/NO_x reduction to be completed by 1990. We are now working toward a unilateral 25 per cent sulphur dioxide emission reduction plan for eastern Canada. We remain committed to doubling that percentage when the United States indicates its willingness to move with us. We hope that day will come soon.

The debate over acid rain should not be viewed as an isolated or anomalous event. It is a part of the continuing evolution of our societies as we throw off old comfortable habits and grope toward putting ourselves on a sustainable footing. It is a strand in the fabric of environmental responsibility that the people of both our countries accept and support.

Finally, it is a test of our sense of equity. It is not equitable, and it is a distortion of market forces, when some costs of production are not internalized but are allowed to be carried by the wind to inflict costs on others. I am convinced that is not how we want to act toward one another.

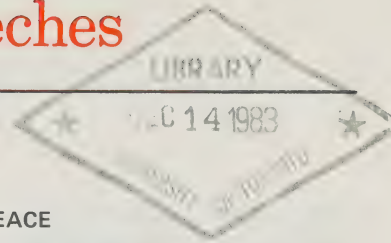
For those reasons, I am confident we will deal with acid rain on this continent. And I know that a chief locus urging such action will be the state of Minnesota.



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Statements and Speeches

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A GLOBAL INITIATIVE TO IMPROVE THE PROSPECTS FOR PEACE

Address by the Right Honourable Pierre Elliott Trudeau, Prime Minister, Queen Elizabeth Hotel, Montreal, November 13, 1983.

... If our future depended on Canadians alone, we could be confident that it was safe and sound. But no nation today holds its future securely in its own hands. We share this planet with about 160 other nations, all of whom interact with us in a global system embracing our security, our economy, the health of our environment, and the quality of our lives.

Those 160 governments are, however, by no means the only players. The stage is crowded with alliances, with regional associations, with international institutions such as the United Nations, with multinational corporations, with cartels, pressure groups and lobbies of all kinds.

We are all of us — you and I, our friends and families, citizens, governments and corporations — on that crowded global stage, which is alive with our hopes and our fears, our failures and our successes. But there are today three dominant and disturbing trends which, when set side by side, threaten to bring down the curtain on our human performance.

The first trend is an increasing resort to the use of force in the settlement of international disputes. Despite the solemn affirmation of the UN Charter that "all members shall refrain in their international relations from the threat or use of force" there have been, since 1945, approximately 130 conflicts in which 35 million human lives have been lost.

There is a habit of aggression which is gaining ground: an abdication of the political process in deference to military solutions; a coarse element of belligerence, of menacing rhetoric, of governments which rise and fall at gun-point. The trend is global — and it is gathering speed.

This brutalization of political life takes on a particularly dangerous tone when it is driven by the clash of confrontational ideologies, and armed with sophisticated weapons, which claim an annual expenditure in the order of \$600 billion of nuclear and conventional arms combined. These weapons which claim too great a share of the budgets of impoverished Third World nations, promote a rising tide of violence and engulf more peaceful ways to resolve disputes. That is the first trend: the brutalization of international relations.

The second trend is the steady unravelling of the international regime designed to prevent the proliferation of nuclear weapons.

This proliferation has two fundamental directions. We call it vertical proliferation when we mean the development of ever-larger nuclear weapons programs, ever more-advanced in destructive technology, by the five nuclear-weapons states: the USA, USSR, France, the United Kingdom and China. We call

it horizontal proliferation when we mean the potential spread of nuclear weapons to other states, especially to those who now have the capacity to produce nuclear arms, or soon will have that capacity.

We are today preoccupied mainly with the evident need to assert restraint over the arsenals of all five nuclear powers. But from a global perspective, and in the near term, the consequences of horizontal proliferation to other states pose an equally grave threat. Perhaps more grave, since the use of nuclear weapons by other nations would be unchecked by the assurance of mutual destruction which obtains among the five powers.

It was precisely to arrest both kinds of proliferation that a formal agreement — the Non-Proliferation Treaty — came into effect in 1970, and is up for review in 1985. That treaty represented an implicit covenant between those nations with nuclear weapons and those without: an undertaking by the nuclear powers that they would pursue negotiations in good faith on arms control and on limiting the spread of their weapons technology; and an undertaking by other states that they would forego the military use of nuclear energy in return for the benefits of its peaceful use, in fields such as energy, medicine, or agriculture.

But the trend is for this bargain to come unstruck. The treaty stands now at a crossroads between peaceful aspiration and military strategy. It is the crossroads at which nuclear and non-nuclear countries — East and West, North and South — preoccupied with their survival, with their sovereignty, or with current conflicts, will decide whether the covenant still holds.

The third trend which threatens the global system is the worsening state of relations between East and West, particularly of relations between the two superpowers. Two weeks ago, when I spoke in Guelph, I deplored the absence of high politics in East-West relations, and the tendency for arms control negotiations to run their course outside any structure of understanding of, and respect for, each other's security needs. I reaffirmed our fidelity to the North Atlantic Treaty Organization "two-track" decision, and declared my hope that we might add a "third rail" of political energy, of dialogue and of confidence, in order to improve the downward course of relations between East and West.

So I ask you now to consider these three trends in relation to each other — laminated together, as they are in real life: an increasing resort to the use of force; the growing reality of the proliferation of nuclear weapons; and a superpower relationship charged with animosity. I believe it is evident that only a global approach to peace and security can reverse the path of this sinister, composite trend-line.

Because, as tensions build, the East-West relationship becomes particularly vulnerable to events on the periphery. An endemic instability is evident in areas largely understood to be the sphere of influence of one or the other superpower. At other flashpoints, such as the ever-volatile Middle East, we see the tinder for a spreading conflagration.

The penetration of East-West rivalry into the Third World will reach its deepest and most dangerous point if, despite the Non-Proliferation Treaty, front-line antagonists — locked in rivalry or combat — begin to arm themselves with nuclear weapons.

As Canadians, our energies are deeply devoted to the security of the Western community, on this continent and in Europe. But our loyalties, our national and global interests, by no means end there.

Canada's place on the Pacific Rim gives us a privileged relationship with Japan, with China, and with the Association of Southeast Asian Nations and, of course, with Australia and New Zealand. Our extensive program of development assistance takes us to many parts of the world, remote in distance, but close in partnership. Our standing in the community of francophone nations, and in the Commonwealth, demands that we share the full range of political, economic and security concerns to which our national character gives us access.

That is why, in pursuing an initiative to improve the prospects for peace, I determined from the start that our approach must be global in scope and in perspective. Such an approach is dictated by the complex interlinkage of disarmament and development; of superpower animosity and Third World rivalries; of the resort to force and the availability of weapons; of nuclear balances in Europe and in Asia.

One man representing one country cannot promise a miracle, let alone deliver one. I have absolutely no illusions about the complexity of the issues in play. Nonetheless it is essential, in my judgment, to seek stability at a number of points along the downward trend-line, and to recognize that peace and security in the modern age are indivisible.

Moreover, I am not alone. Other leaders have joined their concerns with mine. There is a growing community of political leadership which is determined to subject the science of arms to the art of politics. I draw encouragement from the support of that community.

You will know that I have just returned from meetings in Europe with several leaders of the Atlantic Alliance, with His Holiness the Pope, and with Her Majesty the Queen of the Netherlands. I return from Europe with clear expressions of support for my initiative, confident that my sense of urgency is shared by our friends and allies. I found a particular consensus of the need to lay down a third rail of confidence and communication — a rail charging our dealings with the other side with a current of political energy.

I took to my European colleagues for discussions, and for refinement in light of their own views, elements of a program for political management of the current crisis. I return with the assurance of their personal attention to this program. Let me set out some of the elements.

The first is the need to establish, as soon as possible in the course of the coming year, a forum in which global limits might be negotiated for all five nuclear-weapons states. This proposal is without prejudice to the INF [intermediate-range nuclear forces] or START [Strategic Arms Reductions Talks] talks between the USA and USSR. But those talks, and rightly so, do not cover British, French or Chinese nuclear forces.

What we must seek to provide is a negotiating forum for those five states which recognizes the right of the United States and the Soviet Union as strategic equals — what a recent Trilateral Commission report calls "inevitable parity" between them — and which provides a mutually acceptable and stable

framework for the relationship between the forces of the other three states and those of the superpowers.

In this way neither Britain, nor France, nor China need fear that their forces will be subject to restraints which do not recognize their own national interests.

Once relative levels of armament were stabilized, I believe the five nuclear powers could begin to address the reductions called for by the Non-Proliferation Treaty, and to consider measures to control the qualitative aspects of the strategic arms race.

A second element is remedial action to shore up the Non-Proliferation Treaty itself — that covenant between nuclear and non-nuclear weapons states which I mentioned a few minutes ago. The Treaty has been signed by some 119 nations. But a number of key states remain aloof, including several with the capacity now, or the potential soon, to develop their own nuclear arms.

If the five nuclear-weapons states could begin to strengthen their side of the non-proliferation bargain, then the rest of us could more easily bring good sense to bear on those who have not yet signed on. No doubt we need to increase the incentives for Third World states to forego nuclear weapons — there must be a direct linkage between disarmament and development. And we shall also have to ensure that a full range of safeguards adequately governs the transfer, from all nuclear suppliers, of nuclear technology for peaceful purposes. The area of safeguards is one in which Canada has taken a leading part for many years, and will continue to do so.

Those two elements begin to address the global dimension of security in the nuclear age. But we must also recognize that there is in the heart of Europe a most dangerous concentration of forces — conventional as well as nuclear. A war in Europe could destroy everything that each side desires to protect.

Throughout my talks with European leaders, there ran a common theme of concern at the present imbalance of conventional forces between the two sides. The Warsaw Pact conventional forces heavily outweigh those of NATO. There is an apprehension in Western Europe that the Warsaw Pact forces could be tempted to gamble on a conventionally-armed attack. They would throw down the challenge to Western leaders either of accepting defeat, or of being the first to resort to the use of nuclear weapons.

As long as this imbalance of conventional forces persists, so does the risk that nuclear weapons would be brought into action at an early stage of any conflict. That is why we say that the nuclear threshold in Europe is too low. And of course we can never be certain that the use of nuclear weapons in the European theatre would not escalate rapidly to ever more-massive nuclear retaliation on an international scale. The conclusion we draw is that the best way to raise the nuclear threshold is to establish a more reasonable balance of the conventional forces on each side.

How then do we achieve this balance? This question prompts the third element of my approach, The simple, though expensive, answer is for the West to increase its conventional forces until they match those of the Warsaw Pact. I see this as a last resort. The far more sensible approach would be for both sides to reduce their conventional forces to mutually agreed levels, a task to which we have devoted

the past ten years at the Mutual and Balanced Force Reduction (MBFR) talks in Vienna. There is today some sign of movement in those talks, but at far too slow a pace. Hard questions remain to be resolved. That is why I explored, with my colleagues in the Alliance, ways to break the deadlock in Vienna, ways to give fresh political impetus to the MBFR talks.

Another negotiating forum will open soon in Stockholm, this January. Its lengthy title, showing the complexity of its task, is the "Conference in Confidence and Security-Building Measures and Disarmament in Europe". It is imperative that this conference not lose its way in litigation about procedures, or in the linguistics of technicality. In other words, we don't have to follow the same path with this conference, on disarmament in Europe, to which countries attach so much importance, as we have followed in the Vienna negotiations where, as I have said, we have talked for ten years without really arriving at an agreement. I have therefore proposed that we consider the merits of high-level political representation at the very start of the Stockholm negotiations. You see, I come back always to the notion of the third rail, the need to inject political will, and the presence of political people, into these debates. They have become debates among technicians, among weighers of balances, among nuclear accountants. These technical quarrels can harm the process, rather than giving it a real push, a political impetus, which I call the third rail.

Finally, a fourth element in my initiative flows from the strategy of suffocation which I first proposed to the United Nations Special Session on Disarmament in 1978. That strategy — which still requires, and awaits, the support of the five nuclear powers for its implementation — needs further elaboration to keep pace with technological advances. Arms control measures must address those new technologies which, by their very nature, would make stability a more elusive goal.

I have in mind a ban on the testing and deployment of those anti-satellite systems designed to operate at high altitude. Such weapons could attack the global communications which are of critical importance for crisis management. Destruction of the other side's command and control network, at a time of crisis, would leave him blind and mute at the very moment when stability demands awareness and response, not the panic reaction of "launch on warning".

That is the fear we have, when we think of destabilizing weapons of that kind. These are weapons or techniques which make an adversary feel unable or ill-equipped to respond to a nuclear attack from the other side. Whether the fear is that one's communications system will be disrupted, or that one's weapons will be rendered useless, the danger is that, in a moment of crisis, the side which feels threatened will launch its nuclear missiles before the other side has a chance to strike first. It is this fear which is aggravated by destabilizing technical advances such as high-altitude anti-satellite weapons.

Neither superpower has yet developed an anti-satellite system for high altitudes. An agreement not to do so is, therefore, still possible. No agreement means vast expenditure by both sides — funds better spent on more worthy projects. No agreement means a further spiral of competition — a competition particularly vulnerable to accident or miscalculation. Moreover, an agreement could encourage movement toward negotiations about anti-satellite weaponry designed to operate at lower altitudes.

I am also concerned about another potentially destabilizing development, which is the possibility that

new intercontinental strategic weapons may be so highly mobile as to be virtually invisible. This would call into question the ability of either side, or any international body, to verify arms control agreements. You see the paradox. These questions are so intellectually difficult that, too often, the public and their leaders are tempted to leave these problems to experts, to nuclear accountants, to the people who understand the technology, but who do not consider the political dimension of the issue. If missiles stay in one place, the enemy knows where they are, and could destroy them by launching a first strike, so that the side under attack could not respond with an attack of its own. One side would win the war simply by destroying the other's nuclear missiles.

That is why these weapons are destabilizing. You must use them or lose them. For that reason, making these missiles mobile also make them more stabilizing weapons, in the sense that a first strike by the enemy would not destroy them. He would not know exactly where they were and, therefore, he would not start a war, because the other side would still be able to send missiles back at him. That would assure the destruction of both sides, which is not in the interest of the side which might otherwise be tempted to launch a first strike.

But there is a further paradox in the fact that, if these missiles are too mobile, you could not count them, even by using satellites. And if you cannot count them, neither side could verify that the other was respecting the treaties, such as SALT I, and other agreements which might be reached.

Canada continues to devote attention, and resources, to problems of verification which must be resolved if arms-control measures are to be durable and trusted. We believe that the prospects for arms control would be considerably enhanced if the verification factor were taken into account in the developmental stage of any new strategic system — rather than leaving it to the point where systems are put on the bargaining table.

It is therefore my intention to introduce, at the appropriate time and in the appropriate disarmament forum, papers calling for: (a) international agreement to ban the testing and deployment of high-altitude anti-satellite systems; (b) to restrict excessive mobility of intercontinental ballistic missiles; and (c) to require that future strategic weapons systems be fully verifiable by national technical means. That is to say that the space satellites of each side can see what is being prepared, constructed and developed on the other's territory.

These are measures of substance, often technical in their detail. But if we can generate a political impulse toward a five-power nuclear conference, toward renewed political commitment to the Non-Proliferation Treaty, toward action at the MBFR talks to balance conventional forces and to raise the nuclear threshold in Europe, toward a restriction of qualitative developments in strategic technology, and toward their verification, then we would have motivated a truly global and comprehensive approach to the crisis of peace and security.

It is essential, as I told my colleagues in Europe, that this interlocking program, this safety net for our very survival, be guided by political leadership at the highest level. That our own consultations, and talks with others, be quickened by a jolt of political energy. That we work to identify steadily increasing areas of mutual interest, starting from our common humanity and our common fate on this earth.

I return from Europe profoundly encouraged by the extent to which my purposes are shared by a community of other leaders. Therefore I would like to confirm tonight my intention to travel to Japan, to consult Prime Minister Nakasone in Tokyo next Saturday.

Japan's association with the Williamsburg Declaration last May, in which the leaders of the industrialized democracies agreed to devote our full political resources to reducing the threat of war, expresses both the resonance of history and the reality of the present day. My visit there will bear witness to the indivisibility of global security in the nuclear age.

I can also announce that, in addition to the consultations under way with the United States, I have initiated consultations with the Soviet Union and with China — two nuclear powers upon which much depends.

I look forward to taking an active part in the discussion of peace and security issues at the New Delhi meeting of Commonwealth heads of government, where I will be heading after Japan. I look forward particularly to consultations with Prime Minister Indira Gandhi on the matter of non-proliferation, and on her perspective, as current chairman of the council of non-aligned nations, on the linkage between disarmament and development.

I am encouraged by this momentum, and heartened by the response. But I am also well aware that critics of my initiative have difficulty in grasping this step-by-step approach. Some would prefer the passionate embrace of an unattainable ideal. Others are paralyzed by the complexities of the issues in play. I believe that peace must be waged steadily, with caution and with realism. We must work with due respect for the fragility of political trust, for the importance of building carefully, for the need to search out common ground on which to stand.

The imperative of political action is made all the more urgent by the pace of conflict and confrontation, which threatens to overtake our ability to understand what is happening, and our capacity to manage it.

Let me remind you that when Alfred Nobel invented dynamite in 1867 he believed that the prospect of its military application was so awesome that governments would be forced to live in peace. And yet today we have long since lost the ability to comprehend the force of a nuclear blast in terms of any comparison with traditional explosives.

Peace and security are not cold abstractions. Their purpose is to preserve the future of mankind, the growth of the human spirit, and the patrimony of our planet.

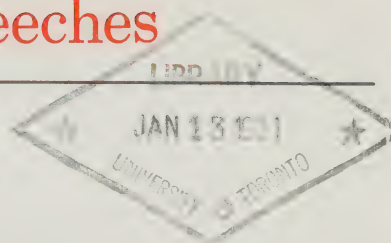
The choice we face is clear and pressing. We can without effort abandon our fate to the mindless drift toward nuclear war. Or we can gather our strength, working in good company to turn aside the forces bearing down on us, on our children, on this Earth.

As for me, I choose to move forward, and I know I do so with your support.

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Statements and Speeches

No. 83/21



DISARMAMENT WEEK, OCTOBER 24-30

Statement by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, Ottawa, October 20, 1983.

When United Nations Disarmament Week was conceived in 1978, the objectives were to "increase public awareness of the dangers of the arms race, mobilize public opinion, and create an atmosphere conducive to progress in disarmament negotiations". The first two of these objectives, to a considerable extent, have been realized. While the public has become more aware, and indeed deeply conscious about the largely unfettered pursuit of arms, it has also come to realize the complexity of arms control and disarmament issues. Public opinion without doubt has become engaged on this most vital of subjects. The government, through the Disarmament Fund of the Department of External Affairs, has expended over one-third of a million dollars this year to assist a wide variety of research, public information activities and teaching facilities in Canada, and will increase this amount in the next fiscal year. One major recipient has been the University of Guelph, which will be hosting an international conference from October 27-30, entitled "Strategies for Peace and Security in a Nuclear Age".

As the increasing tensions between the two superpowers have made clear, however, we have a long way to go yet before we reach the third and perhaps most important objective of Disarmament Week. An atmosphere conducive to progress in disarmament requires confidence. But there can be no confidence without understanding and no understanding without dialogue. What is needed today is cool-headed dialogue and that is what Disarmament Week is meant to promote. This applies not only to the superpowers but to everyone who would make a contribution to an improved atmosphere and progress. A further requirement is constructive flexibility of the kind that must be demonstrated by both sides if the important intermediate-range nuclear forces (INF) talks in Geneva are to move forward.

At the Williamsburg Summit conference, Western leaders pledged to devote their "full political resources to reducing the threat of war". Canada, for its part, is prepared to carry out this pledge and to redouble its efforts toward that goal. Canada is already playing a full and active role in various arms control and disarmament negotiations including the MBFR (Mutual and Balanced Force Reduction) talks in Vienna; the Committee on Disarmament in Geneva and at the General Assembly in New York. Progress has been made in some fields including that of chemical weapons where, through Canadian efforts, consensus was reached in Geneva this past summer — for the first time — on a complete document which outlines the elements of a possible comprehensive chemical weapons convention. Canada also intends to play an active part in the forthcoming Conference on Confidence- and Security-Building Measures and Disarmament in Europe, which is to begin in Stockholm and which will address concrete measures designed to reduce the risk of military confrontation in Europe or conflict through miscalculation.

The time has come when each of us must decide what special contribution we can make to create an atmosphere conducive to progress in disarmament. One way Canada can help is by creating the means whereby confidence can be restored and parties assured that promises undertaken in negotiations will

be adhered to; that is, by ensuring they can be fully verified. In this regard I am pleased to announce the establishment of an arms control and disarmament verification program based in the Department of External Affairs. This follows Prime Minister Trudeau's announcement at the second United Nations Special Session on Disarmament that Canada would substantially increase research in verification and devote more attention to utilizing expertise available inside and outside the government.

An initial amount of \$500 000 has been allocated for this program. This amount will increase to \$1 million by next April. As well, the Arms Control and Disarmament Division of the Department of External Affairs will be allocated additional staff members to develop its verification research capability and to administer this new program.

The expanding Canadian role in verification will build upon the greatly increased attention we have been devoting to verification during the past three years, particularly the promotion of research and development by the private sector, including universities and companies. The focus of the verification program is primarily on technical aspects. Canada has expertise in seismology, remote sensing, toxicology, communication satellites and chemical-weapons detection, destruction and defence. We intend to marshal this expertise more fully as our special contribution in support of the negotiation of agreements on nuclear, chemical and conventional weapons systems.

The program will focus on certain Canadian arms control and disarmament priorities. Projects would include: (i) research studies for application to problems in international negotiations; (ii) specialized technical training programs; (iii) hosting of international symposia of experts on specific subjects; (iv) liaison with national and international bodies outside of Canada engaged in verification issues; and (v) public presentation of verification issues.

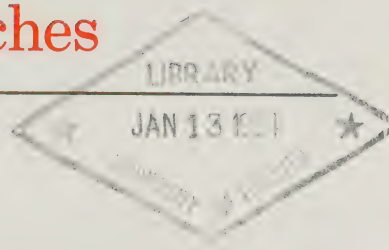
In sharing the results of our work with the international community, we hope to contribute to easing the political and security concerns and overcoming the lack of confidence that have kept nations divided.



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No. 83/22



PROBLEMS OF PRESERVING PEACE AND SECURITY

Notes for a Statement by the Honourable Senator Michael Pitfield, Canadian Representative, Before the First Committee of the Thirty-Eighth Session of the United Nations General Assembly, New York, November 1, 1983.

In his report, the Secretary-General has rightly pointed to the central importance today of the question of disarmament and arms limitation, and particularly the prevention of nuclear war. Despite the considerable efforts that have been made over the years towards this crucially important objective — and there have been some notable achievements — there is a shared concern on the part of the international community about security. Anxiety over the threat of war has not been diminished — and for good reason. The accumulation of weapons of mass destruction has not stopped and we are witness to the development of more and more sophisticated nuclear and conventional arms.

Over the years, the focus has been on arms control and disarmament — on controlling and eliminating the technical means of making war. Arms control and disarmament have a simple but seductive appeal: reduce or destroy the tools of war and you will eliminate war. The problems of preserving peace and security, however, are extremely complex.

We have, of course, to continue the pursuit of ways and means of harnessing the technology that feeds arms competition as energetically as we can. In this forum our discussions take place in the context of certain given factors, particularly the established policies of our governments. We are, in a sense, captives of our histories. This is often an inhibiting element in our search for consensus. What, in essence, we are dealing with here and in other fora relates to the capabilities of nations to wage war in present circumstances. Our immediate goal is a lower level of arms and armaments at an equal or enhanced level of security.

What has been left largely to one side in our discussions is the more fundamental question of intentions which govern the use of arms. The issue of intermediate-range nuclear forces [INF] in Europe, which has taken a new turn with the Soviet Union's announcement of planned additional deployments of missiles in the German Democratic Republic and Czechoslovakia, illustrates how important this question is. While understanding intentions does not automatically guarantee peace and security, we should be concerned that intentions in this crucial area of policy are not misunderstood.

In the end, successful arms control and disarmament measures depend on a real intention to keep the arms lid on. This is hardly a revelation, but it is a truth we should constantly remind ourselves of as we, in fora of this kind, debate the issues of arms control and disarmament. As Prime Minister Trudeau pointed out in a speech in Guelph, Ontario on October 27, "We may at some point be able to freeze the nuclear capability in the world at greatly reduced levels. But how do we freeze the menacing intentions which might control those weapons which remain? Therein lies the inadequacy of the nuclear freeze argument."

Here we get to the core of the current debate: the unsteady relations that have divided East and West over the years and the absence of real political dialogue that could ease tensions. There had been a time in the Seventies when *détente* brought the promise of such dialogue. Regular consultations at the most senior levels of political leadership appeared to offer the way to developing understanding, mutual respect and a willingness to search for ways of avoiding crises. As *détente* became divisible and subject to doubt, the prospect it offered of building confidence in the intentions of each side faded.

In today's atmosphere of suspicion and distrust, how can we help in restoring the confidence which might move things forward? At Guelph, Prime Minister Trudeau referred to a "strategy of political confidence-building" which would involve "steps that reduce tensions caused by uncertainty about objectives, or caused by fear of the consequences of failure; steps that mitigate hostility and promote a modicum of mutual respect; steps that build an authentic confidence in man's ability to survive on this planet". He particularly had in mind regular high-level dialogue based on openness regarding intentions, mutual respect, reciprocal acknowledgement of legitimate security needs, a determined approach to crisis management and incentives for flexibility. The objective would be to establish a better communications network between the two superpowers and the East and West generally.

The burden of this strategy rests with the political leadership in each country who alone, perhaps, can show the flexibility needed to explore new policy directions. Prime Minister Trudeau has already begun the high-level consultations he has advocated and will soon be personally meeting other leaders.

It is our hope that political leaders will take up the challenge and that their efforts can be translated quickly into practical terms in the various negotiating fora. If there is to be genuine dialogue in these negotiations, it has to be based on a viable international security policy. The foundation of such a policy must include the principles of reciprocity, transparency, balance and confidence.

We find the lack of confidence particularly disturbing in the superpower negotiations on intermediate-range nuclear forces in Geneva, which have reached a critical state. In no other forum is a true dialogue as urgently needed as in the INF talks. If they are to have a chance at success, the parties must accept as their fundamental objective increased mutual security rather than unilateral advantage. It is of the utmost importance that the two sides persevere in the bargaining process and come to grips with central issues. We strongly support a negotiated solution that will make deployment of any intermediate-range nuclear missiles in Europe unnecessary. At the same time, in the absence of concrete results in the INF negotiations, we are convinced that there is no alternative to deployment of the West's intermediate-range missiles. The urgency lies in making this alternative unnecessary.

As evidence of the West's determination to see a reduction in the level of nuclear weapons in Europe, I would draw the Committee's attention to the decision of the Western alliance's defence ministers last week at Montebello, Quebec, to withdraw, unilaterally, 1 400 tactical nuclear warheads from the number in Western Europe during the next several years. This will bring to 2 400 the total number of warheads which will have been unilaterally removed by the West since 1979.

A great deal of hope is riding on the Conference on Confidence- and Security-Building Measures and

Disarmament in Europe which will be starting its work in Stockholm in January. Our hope is that the development of confidence through a régime of confidence- and security-building measures covering Europe may result in transparency and predictability in military affairs which, in turn, could induce a degree of security among participating states that would make a balanced reduction of armaments a viable option.

For our part, we here in this Committee have our own contribution to make to the creation of a stable environment of increased security.

In this forum, our objective is surely to reinforce the multilateral approach to arms control and disarmament. What we do must contribute to multilateralism and not detract from it. Our efforts, essentially, must be directed to establishing consensus and to working out practical frameworks for negotiations which will result in tangible arms control and disarmament measures. We must continue with the necessary preliminary work for the time when an improved atmosphere permits the successful conclusion of these negotiations. It is our responsibility to resist the tendency in these times of deteriorating international climate to take up the "politics of the megaphone" where confrontation is valued over consensus and where debate serves not the purposes of dialogue but rather to divide and disunite. The challenge for multilateralism is to reverse these trends.

There is another challenge before us in the arms control and disarmament process and that is to recognize the contiguity of interests in moving toward common agreement among developed and developing countries on international security issues. Nowhere is this truer than in the case of the Non-Proliferation Treaty, the strengthening of which poses one of the most urgent challenges to multilateralism.

Each of us has a responsibility to maintain and support the arms control and disarmament process. The degree to which that responsibility is exercised is reflected in the voting patterns of the General Assembly. Unfortunately our agenda has become overcrowded over the years and there is a tendency towards duplication of effort in the race for resolutions. Priorities have to be set if we are not to dilute and divide our efforts.

We, of course, have our views on this subject. Our priorities are: (1) to support strongly negotiations to limit and reduce nuclear arms; (2) to promote early progress towards the realization of a multilateral comprehensive test ban treaty; (3) to assist in preparing a convention which would completely prohibit chemical weapons; (4) to promote the evolution of an effective non-proliferation régime based on the Non-Proliferation Treaty; (5) to work towards the objective of prohibiting the development, testing and deployment of all weapons for use in outer space; and (6) to participate actively in negotiations to limit and reduce conventional forces.

On the urgent nuclear issues, our objective is twofold: the inhibition of the development of new weapons systems and the reduction of nuclear arsenals designed to achieve a stable balance at lower levels. We are also considering making proposals for other international agreements which could help to restrict destabilizing qualitative developments in strategic technology.

We prefer to see concrete agreements rather than declaratory resolutions which promise restraint but, in effect, do not provide for the means to ensure that promises are kept. Verification is a commonly-agreed necessity if we are to make real progress in disarmament and arms control negotiations. Agreement for the establishment of international verification mechanisms is one of the clearest indications of real intentions. We have, therefore, assigned a high priority to research in this area.

On October 20, the Deputy Prime Minister and Secretary of State for External Affairs, the Honourable Allan MacEachen, announced the establishment of an arms control and disarmament verification research program based in the Department of External Affairs. Additional personnel resources will be focussed in this area. An initial amount of \$500 000 has been allocated for this program. This amount will increase to \$1 million by next April.

This initiative has been undertaken in order to help in the creation of an atmosphere conducive to progress in disarmament. The verification program will focus primarily on technical aspects and will build upon the greatly increased attention we have been devoting to verification recently. The Compendium of Arms Control Verification Proposals, which we submitted to the Committee on Disarmament in 1980 and which was updated in 1982, and the resultant quantification and conceptual studies, are examples of our approach to the issues on a very practical and basic level. Canada has as well technical expertise — both in the private and public sectors — which can be applied in a number of areas including seismology, remote sensing, toxicology, communication satellites and chemical-weapons detection, destruction and defence. We intend to marshal this expertise more fully as our special contribution in support of the negotiation of agreements on nuclear, chemical and conventional weapons systems.

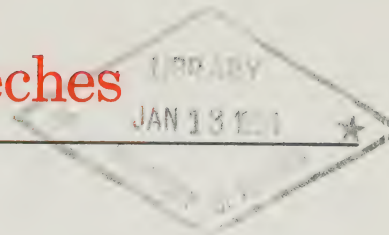
We shall be sharing the results of our work with the international community. We hope in this way to make a contribution to the technical needs of the arms control and disarmament process. But I would stress that the times demand that we also look beyond technicalities and focus on the need to develop confidence and dialogue; that those who would really make a contribution to arms control and disarmament should talk with each other and not past each other.

To return to a point I made at the outset of my remarks, there are few other issues on which so many in the West — and indeed elsewhere — have been so engaged as this matter. Given the implications of nuclear warfare, this preoccupation is entirely understandable and justified. We all want to see progress in arms controls and disarmament. The key lies in increasing mutual security. That will not be possible as long as mutual suspicions about intentions remain. The challenge facing us in trying to overcome this hurdle — and this is a point Prime Minister Trudeau made at Guelph — is in applying a political effort to points along the East-West trend-line in order to reverse it from its dangerous downward path.



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No. 83/23

THE SITUATION IN CENTRAL AMERICA: THREATS TO INTERNATIONAL PEACE AND SECURITY AND PEACE INITIATIVES

Statement by Mr. David Lee, Deputy Permanent Representative of Canada to the United Nations, to Plenary at the Thirty-eighth Session of the United Nations General Assembly, New York, November 10, 1983.

Canada is very concerned by the deplorable violence affecting Central America and all the suffering it has caused to the people of the region, more so as we are a member of the hemisphere. We are dismayed to see that international law has become part of the rhetoric used by the parties of each side involved to bolster their case both domestically and internationally.

One cannot understand the political turmoil in the region, nor hope to resolve it, simply by blaming a clash of ideologies of great power interests. We believe that the tragic situation in Central America is the result of a long history of political, economic and social problems. The current situation is a product of poverty, the unequal distribution of wealth and social injustice. Instability feeds on poverty and injustice. East-West rivalries flow in its wake.

So, when we look at Central America today we cannot view this region exclusively through the prism of East-West rivalries because this is not the root of the problem but rather a symptom. Nor can we now view it uniquely through the prism of social and humanitarian concerns, because it is clear that East-West rivalries have now implanted themselves in the region. This is an unfortunate fact to which we cannot close our eyes. It should also provide us with a sense of urgency concerning what can be done now to prevent this situation from deteriorating further.

The internal systems adopted by countries of Latin America and the Caribbean, whatever these systems may be, do not in themselves pose a security threat to this hemisphere. It is only when countries adopt systems which deliberately link themselves to outside forces or seek to promote objectives outside of their sovereign territory to destabilize their neighbours, that a threat is posed. Canada has not changed its aid programs or support because a régime has shifted its political ideology.

The escalation of violence offers no true hope to the Nicaraguan people nor to the other neighbouring countries who stand to suffer from the flow of violence across international borders.

The government of Canada recognizes that Nicaragua is a sovereign state with the right to choose its form of government. At the same time, we are dismayed by the increasing tendency toward authoritarianism. The threat to the welfare of the Nicaraguan people and to the stability of the region, however, extends beyond the domestic effects of authoritarianism. Departures from professed non-alignment, and support for insurgencies in neighbouring countries only add to the risks of violence and impede progress toward peaceful change. For Canada, no ideology justifies the export of violence, or the use of violence to promote or prevent change.

Social change and economic progress in Central America cannot be achieved in an atmosphere of military confrontation. Canada, therefore, has fully endorsed the regional peace initiative sponsored by the Contadora Group since its very beginning, and continues to do so. This attempt made by Colombia, Mexico, Panama and Venezuela to find regional solutions to regional problems deserves the support of all concerned and is in full conformity with the UN Charter. We think that at an appropriate stage the Contadora process should be supplemented by direct dialogue between the parties concerned.

In spite of the progress achieved recently by the Contadora Group and the five Central American countries with the adoption of the document of objectives produced in Panama last September, the situation in Central America remains of serious concern.

We believe that escalation can be reversed, that the crisis in Central America need not move inexorably towards greater political danger. We believe that military responses and the export of violence will not serve the interests of the peoples of Central America, no matter what the political orientations of their leaders may be. By the same token, foreign intervention of any party will not assist the objectives of peace, stability, social and economic progress. If serious efforts are not made to open political dialogue within and among states, if military solutions are pursued at the expense of accommodating social and economic change, the results within states will be political oppression, increased violence and deepening misery. Among states the result will be dangerous confrontation.

Canada is ready to assist the parties to promote or facilitate political dialogue. Although we do not seek to involve ourselves directly unless requested to do so, our message to all who seek to restore peace in the region is to reverse the pattern of military escalation so that social change, economic progress and the exercise of freedom will not be stifled. We believe a lasting peaceful solution can only be based on an acceptance by all concerned of the principles of respect for sovereignty, non-interference in the domestic affairs of states, and non-use of force in international relations as well as acceptance of the need to withdraw all foreign military forces.

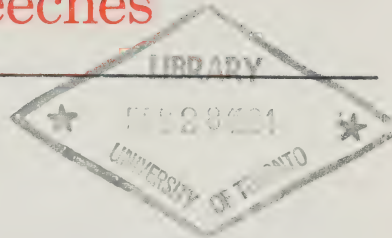
In conclusion I wish to reiterate my country's strong support to the effort of the Contadora Group and express our sincere hope for a negotiated political solution to the turmoil from which Central America has been suffering for already too long.

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Statements and Speeches

No. 83/24



OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Statement by Mr. David Lee, Deputy Permanent Representative of Canada to the United Nations and Canadian delegate to the Second Committee of the thirty-eighth session of the United Nations General Assembly, New York, November 22, 1983.

Operational activities for development are among the most significant areas of involvement of the organizations in the United Nations family. Given the scope of the Director-General's [for Development and International Economic Co-operation, Mr. Jean Ripert] report presented to us earlier in Document A/38/258, and the fact that we are participating in a triennial review, this agenda item is especially important this year since it provides the appropriate moment to consider and elaborate major policy guidelines to govern our future efforts in this area.

This question was discussed extensively at the summer session of the Economic and Social Council (ECOSOC) and was also the subject of an important declaration by the Group of 77. Consequently, it is not necessary to review this earlier analysis once again. However, I would like to recall that the comments of the Canadian delegation on that occasion were concerned mainly with the coherence of the system as well as with priority activities, efficiency of management, and the level of resources. In fact, most delegations which intervened at ECOSOC, underlined the importance of coherence, with emphasis being placed on the cohesiveness of the system based on the central role of the United Nations Development Program (UNDP).

In the light of these discussions, the Director-General provided both written and verbal comments yesterday which we found very pertinent. We wish to express our gratitude for his comments, which we have followed carefully, since we found in them important elements which responded to concerns expressed in July at ECOSOC and which, therefore, help to advance our consideration of operational activities for development.

In my intervention today I will consider first the question of resources, and then deal with several specific points leading to some proposals for action.

Resources

Judging from many of the comments made, the main problem facing the UN development system is one of insufficient financing. My government entirely shares the feeling that too few resources are available.

If one believes in this system and the central role played by UNDP, and this Committee as well as the General Assembly has reaffirmed this belief for many years, the resources necessary to enable the fulfillment of its mandates must be provided. However, the analysis should not stop there for other elements must be considered.

The government of Canada remains a strong supporter of operational activities and its various components. We have been active for some time in attempting to assure the UNDP, among others, of greater support and, during the recent pledging conference, we demonstrated this position once again.

Indeed certain optimistic signs are apparent: a number of increased contributions were announced during or following the pledging conference; certain countries removed the freeze which they had imposed on their pledges; the developing countries demonstrated strong support for the UNDP and operational activities.

However, it is important to note, as described in Table 1 of the statistical addendum to the Report of the Director-General, that the volume of multilateral assistance funds, including the World Bank Group, increased by 37 per cent in 1982 over the 1981 figure. Similarly, according to the OECD, aggregate Official Development Assistance figures for the members of its Development Assistance Committee increased by 9 per cent in the same year. What we see in these figures is an allocation of funds which favours first the World Bank Group and the International Fund for Agricultural Development (IFAD), whose contributions increased by 71 per cent between 1979 and 1982, as well as direct contributions to the Specialized Agencies and World Food Program, which increased by 37.8 per cent during the same period. During these same years, contributions to the main funds and programs of the United Nations grew by only 15.4 per cent, while UNDP suffered stagnating revenues and therefore a reduction in real terms.

We see therefore, a fundamental problem in this development. The question we must ask, and answer, is why funds for development co-operation are allocated this way and how the situation of the central funds can be improved. It is, therefore, necessary to make the link between the performance of institutions and the resources made available to them. In our opinion there are two principal reasons — one administrative and one political.

On the administrative side, it is essential that the bulk of resources be used effectively for development purposes — in other words with the greatest efficiency possible. We must consider this point which is, of course, not new or unusual — the Canadian International Development Agency must do this for all the programs which it supports and must therefore adopt a similar attitude with respect to international organizations.

On the political side, it is necessary to make available information concerning the system to demonstrate that it does achieve worthwhile results, that it does function well, that it does attain its objectives. Such information is imperative if we are to convince our populations and our parliaments of the necessity to maintain and increase our support for the development activities of the United Nations.

Having dealt with the question of resources and reaffirmed the importance which we attach to a better future for the United Nations development activities, I would like to consider several specific results which might flow from the administrative and political concerns described above.

The system

It would be appropriate to recall the attachment which my government shares with others, to the basic principles of the multilateral system and to reaffirm the voluntary nature of operational activities. At the same time we might emphasize the predominance of central or core resources over extra-budgetary resources.

The United Nations development system is an entity composed of several elements: general funds, United Nations departments, "special" funds and Specialized Agencies. Each has specific characteristics, but they all interact with one another. A systematic approach is therefore required in order to clearly define the relations between them, and especially to gain a greater assurance that they are seeking the same goal, namely development and the promotion of the dignity of man — as the Director-General aptly described it yesterday.

In order to achieve these objectives, the system must be coherent and must function according to principles that will make it possible to derive from it the greatest benefit.

This requires a system of programming that is truly responsive to the needs and priorities of the recipient countries, central bodies that play a key role and have a real capacity for action, executing agencies with recognized expertise which are devoted to a common goal. Finally, the whole system must be effectively and efficiently managed in order to draw on past experience to improve present and future performance.

This is the context in which we place operational activities and we were grateful for the introductory remarks of the Director-General which underlined the key role of the central organs and the inherent influence that they must have within the system. We appreciate his amplifying comments and fully support the approach he has taken. Co-ordination, not dissipation, will provide the real coherence and dynamism that the United Nations development system must have to support the recipient countries' quest for self-reliance.

This view of the system is simply that reflected in numerous resolutions of the General Assembly, especially Resolution 32/197 on restructuring the economic and social sectors of the United Nations system. Other resolutions adopted subsequently, namely 35/81, 36/199 and 37/226, provided further details on certain aspects or requested specific actions in the same vein. These resolutions are an expression of the will of the assembly, but the question is whether that will is being applied in reality.

Co-ordination

After careful review, we have concluded that the sections of these resolutions that are the responsibility of the funds, programs and organizations administered by the General Assembly are being applied fairly well. We do feel that much remains to be done in those areas under the control of organizations which do not report to the General Assembly. Work has been started in some areas, and we would like to see it continue. We feel therefore that we should take advantage of this forum to encourage our colleagues, especially those who are members of the governing bodies of organizations and agencies involved in operational activities for development, to consider the urgent need for greater co-ordination

of these activities, both in respect to policy development and at the country level. In so doing they should be mindful of the co-ordinating role of the Director-General, and the central role of the UNDP.

In his opening address, the Director-General mentioned some concrete measures which merit consideration, namely the institutionalization of inter-agency co-operation, co-ordinated programming by the UNDP, the United Nations Fund for Population Actions, United Nations Children's Fund and the World Food Program, and the preparation of annual reviews by the resident co-ordinators. I also wish to draw the attention of other delegations to the decision of the Administrative Committee on Co-ordination that the practice of periodic meetings between the resident co-ordinator and the agency representatives should be encouraged.

Would it not be appropriate to follow the logic and to take a further step in this direction? We must, of course, maintain a margin of flexibility in order to avoid overly formalizing or "bureaucratizing" the process. We must also take into account the particular situation in each country. However, it would certainly be worthwhile to give an official status to these periodic meetings and to formally recognize them as a valuable means of co-ordination by giving them a permanent status perhaps under the title of "committees on co-ordination". These committees should include the local and international personnel already involved and their objective should be to co-ordinate ongoing or planned activities in order to avoid duplication and to improve efficiency.

I believe that it would be very useful, in this context, for all members of this committee to receive, as soon as possible, a copy of the summary of reports received from the resident co-ordinators on this subject, as mentioned in paragraph 61 of the appendix to document A/38/276.

Harmonization

On the subject of project and program delivery, we again express our support for integration of the field offices and harmonization of procedures in order to reduce administrative costs and produce more effective, coherent action at the country level. As we noted in Geneva at the summer session of ECOSOC, we regret that the policy review did not give more attention to this question, which we consider to be very important. The next annual report on operational activities should, we feel, contain a progress report on this specific question. However, we are pleased to note that the subject is being reviewed, and we support the Director-General in this regard. The main purpose is to ensure that the procedural differences between the agencies do not present an obstacle to the programming process.

Evaluation

We are pleased to note that the report of the Director-General underscores the need for better systems of evaluation. We support the comments of the Director-General to the effect that such efforts lead to improved use of resources, as well as his description of the role and responsibilities of the decision-making organs. However, we must bear in mind that this approach imposes a greater burden on the UNDP, in view of the large number of organizations and agencies with which it must deal.

We wish to reaffirm our support for the Director-General, and we encourage him to exercise fully his mandate both in terms of the leadership that he must provide for the various components of the UN

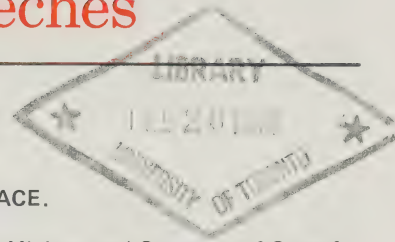
system involved in international development and economic co-operation, and the co-ordination that he must bring about within this system. The objective is to achieve an over-all, multidisciplinary approach by promoting effective management of development activities financed by both regular and extra-budgetary resources.

I would like to add a few words in closing on the ultimate purpose of operational activities, namely helping the less favoured countries in their efforts towards socio-economic growth. This basic objective must always be borne in mind when we consider the way in which the UN development system operates. The system must be flexible in order to adapt to the changing needs of the recipient countries. It must open the way for a real transfer of knowledge and skills, give priority to the countries where the needs are greatest, and recognize and implement the advancement of human resources in the over-all development process. The existing system provides a very good basis for this. However, it must be streamlined to achieve maximum performance in these times of economic difficulty while also demonstrating the beneficial results to the many interested parties in my country and elsewhere. This is the direction in which we are working, and we trust that we are part of a common effort.



Statements and Speeches

No. 84/1



NO TIME FOR RHETORIC IN THE COMMON SEARCH FOR PEACE.

Statement by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Conference on Confidence- and Security-Building Measures and Disarmament in Europe, Stockholm, January 18, 1984.

We are meeting here in Stockholm at a time when the dialogue on security in East-West relations has all too frequently been little more than a series of discordant pronouncements. Critically important negotiations on which great hopes had been fixed have been broken off, suspended or interrupted.

Concrete results seem as remote, as unattainable, as ever.

Let us all acknowledge the futility of acrimonious rhetoric, and let us acknowledge the need to restore dialogue — and not only restore it, but deepen it.

Never has a conference been more urgently required than this one. And never have expectations — and hopes — been greater for a successful outcome.

To survey the condition of the world today is not a happy task.

Whichever way we turn, suspicion, distrust and tensions criss-cross our perspectives in a frightening manner.

And sharpened tensions have been accompanied by mounting rhetoric which, depressingly, seemed at times to have replaced the forthright dialogue by which nations customarily communicate their hopes and fears for each other.

Before this conference began, we had come close to a halt in our efforts to find more civilized ways of living with each other and talking to each other.

Since we last met in Madrid, there have been a number of developments which have made understanding and accommodation between East and West more difficult to achieve. In particular, the decision of the Soviet Union and its allies to suspend their participation in the major East-West arms control negotiations is most regrettable. We express this regret, not in the spirit of recrimination, but because we are convinced that sustained dialogue and the constructive pursuit of equitable and verifiable arms control agreements offer the best way to avert the risks of armed conflict.

We in the West demand respect for our legitimate security interests and are determined to ensure our security on the basis of a balance of forces at the lowest possible level. By the same token, however, we assert our respect for the legitimate security interests of all other countries.

It is in this spirit of mutual interest and mutual respect that we call for the resumption of East-West arms control negotiations at the earliest possible moment. For our part, we are ready and willing to begin again now.

In the words of the declaration issued in Brussels last month by the nations of the North Atlantic alliance: "We urge the countries of the Warsaw Pact to seize the opportunities we offer for a balanced and constructive relationship and for genuine *détente*."

It is the fear and the mistrust and the insecurity that have been building up in recent years that have been the driving force behind this conference.

Persistent and indeed escalating doubts prevail about what one side or the other intends to do with its arms. This is essentially a political issue and it constitutes the most likely basis for the outbreak of conventional war, which in turn could trigger a nuclear war.

Canada approaches the question of conventional arms in Europe from the premise that a more stable balance of forces must be established between the two alliances at the lowest possible level, if the danger of conflict is to be lessened. But how can we assure states that their security can be maintained without increasing military potentials to the dangerous levels we are witnessing today, especially in central Europe. We need to develop mechanisms which will lead to greater openness in military affairs among the participating states.

Unlike previous arms negotiations which have encountered difficulties in trying to strike numerical balances on the basis of what each side can do, our job here is to find ways of reassuring each other about what we intend to do, and more important, what we intend not to do.

This is the only way that we can break the spiral which impels states to redress perceived military imbalances, prompting their adversaries in turn to take counter measures resulting in ever greater and increasingly unstable levels of arms.

The Prime Minister of Canada, concerned by the widening gap between military strategy and political purpose, has undertaken a personal initiative to encourage the re-establishment of political dialogue and confidence at the highest level between East and West. The leaders with whom he has met to date have agreed that there exists a pressing need to provide that jolt of political energy required to improve the climate and basis for the achievement of arms control agreements.

This conference offers an opportunity to restore political impulse to arms control in Europe because it links military and political confidence-building. For this reason, our work must be ambitious in scope, it must take into account all of the factors which are present in the current imbalance of conventional arms and which could lead to surprise attack or political intimidation through the use of force.

This conference offers an opportunity to contribute in a unique and pioneering way to devising effective

means and measures by which actual arms reductions can be implemented without diminishing the sense of security on which this process must rest.

We will not discover confidence by accident. We must work at it, we must create it, and the process is likely to be slow and laborious.

This is why this conference is so essential. And that is why it should embark on constructive business from the very outset. Efforts must begin right now on the task of translating the notion of confidence-building into sustainable measures and policies.

It would be easy for us to use the opportunity of the next weeks to make wonderful speeches.

But we have no time — our specific tasks are too imperative to allow us to indulge that temptation.

It would be easy to present a series of careful and detailed analyses of the balance or imbalance of arms, conventional or otherwise.

But do we really need to do that? Is the presentation of conflicting data and differing interpretations of what it means — are these the purposes that have brought us together?

And above all, it would be easy for us to engage in rhetoric: in declamation, in denunciation and, in recrimination.

It is easy to make accusatory speeches — especially in times of stress and danger. It is much less easy to decide to set all that aside and to make an unemotional, workmanlike beginning on the slow and detailed task of finding ways to reverse a downward trendline in international dialogue.

Of inflamed debate and of recrimination we have all, surely, had enough.

Early on in our meeting here in Stockholm I appeal for a different approach to prevail: detailed, specific, serious and urgent.

Let us not waste time belabouring each other with the many unresolved grievances we can all list and recite without much trouble.

Of course these issues exist and of course they must be recognized and dealt with.

But are we prepared to allow them to obscure the possibilities for progress inherent in the mandate we have given ourselves for the endeavour on which we are embarking?

I hope not, and I know that my hope is shared by millions of people around the world.

We have come here to negotiate, to present and discuss propositions.

And to reach agreement on specific measures which will contribute to confidence, stability and security.

We, in the group of nations referred to as the West, have our conception of the type of measure on which we can build. We will present a package of ideas which, if accepted, would be a long step forward, creating a new basis on which to approach arms reduction.

We will propose measures which envisage more openness about basic military information, earlier notice of a wider range of military activities, mandatory rather than voluntary exchanges of observers at important military activities and ways to verify any agreements reached. These measures would promote assurance that the routine military activities of other participants in Europe are not threatening and would make unusual preparation for hostilities more difficult to conceal. They will also treat a practical problem which arises from the present limited mutual confidence: that is, how to deal with emergencies or accidents which could spark crises in Europe.

We have every expectation that others at this conference, individually and collectively, will bring forward their own ideas.

I am sure that some will be more interesting than others.

I am sure that we will be urged to consider measures that would be more declaratory than specific — and I am equally sure that we will, all of us, be vigilant about ideas that, by suggesting slick and easy and apparent solutions to agonizingly difficult problems, could lead us into a false and dangerous sense of security.

But that discussion is still to come.

For the moment let me impress on this gathering the sense of urgency which must attach to our work.

The presence here this week of so many foreign ministers underlines the importance which participating states attach to this conference and to the opportunity which it offers for a new beginning in East-West relations. But, if this conference is to fulfil our expectations, we as foreign ministers cannot confine our involvement in it to being present at its launching. We must undertake to keep the progress of the conference under close review, so that we are prepared to intervene at the political level whenever this may appear necessary to ensure forward movement. The construction of an edifice of mutually reinforcing military and political confidence is an urgent necessity and one which will require the constant application of political will.

Let us, as ministers, commit ourselves here and now to investing this enterprise with a sense of political direction and urgency, and if it proves desirable for us to return to this forum to re-inspire and maintain that momentum, is there any among us who would not come back, who would assign to higher priority to other engagements?

Let us begin negotiate.

Let us concentrate on the realistic goals defined by the mandate for this conference of confidence-building — and not on the enormity of some of the gaps that must ultimately be faced in our search for a less dangerous world.

A less dangerous world: I am convinced that that is what we all want — regardless of our political system, our geographical size, our armed might.

We are all in this together, superpower and mini-state. We move forward together, or we sink back into greater and greater danger.

I come back again and again to the urgency of our confidence-building task.

Never have imagination and determination been more urgently called for.

The government of Canada commits itself now, as it has done in the past, to responding unstintingly to this challenge.

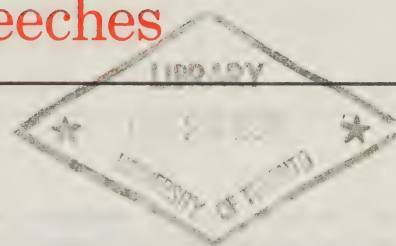
As we strike out along this new path, this road that begins in Stockholm, we declare solemnly that we will spare no effort in our common search for peace — and for the sense of confidence that underpins security.

Let us see whether we can, together, build confidence and restore a civilized political dialogue between us.



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Statements and Speeches



No. 84/2

INITIATIVES FOR PEACE AND SECURITY

Remarks by the Right Honourable Pierre Elliott Trudeau, Prime Minister, in the House of Commons, Ottawa, February 9, 1984

When the first atomic bomb exploded in a New Mexico desert in 1945, life itself changed. Man gave himself the power of his own destruction.

Never again would children be free from fear of the bomb. Never again would we parents be able to reassure them, nor to calm our own anxieties.

A nuclear war would make no distinction between the sides of this House on which we find ourselves, between right and wrong, between rich or poor, between east or west, north or south.

Nuclear weapons exist; they probably always will — and they work, with horrible efficiency. They threaten the very future of our species. We have no choice but to manage that risk. Never again can we put the task out of our minds; nor trivialize it; nor make it routine. Nor dare we lose heart.

Managing the threat of nuclear war is the primordial duty of both East and West. But Canadians are concerned that the superpowers may have become diverted from this elemental responsibility; that they may be too caught up in ideological competition, in endless measurements of parity, in trials of strength and will. Canadians also know it would be foolhardy to expect that animosity between East and West will somehow disappear this side of the point of no return.

The experts would have us believe that the issues of nuclear war have become too complex for all but themselves. We are asked to entrust our fate to a handful of high priests of nuclear strategy. And to the scientists who have taken us from atom bombs to thermonuclear warheads, from missiles with one warhead to missiles with ten and more, from weapons that deter to weapons that threaten the existence of us all.

Canadians, and people everywhere, believe their security has been diminished, not enhanced, by a generation of work spent on perfecting the theories and instruments of human annihilation.

But technological push too often finds a sympathetic political pull. It is leaders who decide on defence budgets and research budgets; it is leaders who must direct; it is leaders who must assert their will for peace, or science will devise ever more lethal weapons systems.

Canadian security is at stake; and Canada has earned the right to be heard, in peace time and in war. Thousands of Canadians fought and died in two world wars that Canada had no hand in starting. We helped to shape the postwar world — at Bretton Woods, where the World Bank was launched; and at Dumbarton Oaks and San Francisco, where the United Nations organization was born.

We advocated universal membership in the international community — when it was not always popular to do so. As Prime Minister Diefenbaker demonstrated with respect to Cuba. As Prime Ministers St. Laurent and Pearson demonstrated in helping many independent states gain admission to the UN. And as my government demonstrated in recognizing the People's Republic of China and its right to a seat on the UN Security Council.

Canada emerged from the Second World War as one of the very few nations with both technology and resources to build nuclear weapons. But we had seen the terrible nature of these weapons and their work. Successive governments, therefore, renounced this nuclear option, and applied Canadian skills to the peaceful uses of nuclear energy. In place of a national nuclear force, we joined with others in systems of collective security — in the UN, in the North Atlantic Treaty Organization (NATO) and in North American Aerospace Defence (NORAD).

Canada is a steadfast member of each of these three organizations. In the UN, we took the lead in peacemaking and peacekeeping in the Middle East, Asia and Africa. In NATO, Canada is one of the few countries to maintain alliance forces permanently outside its borders. In NORAD, we contribute an element of priceless value: the air space above our vast land. The United States can design its own defences knowing that for 4 000 kilometres north of them, the land is occupied by a stable ally.

We take our commitments seriously. We have replaced our maritime patrol planes with the most advanced aircraft of their kind in the world. We have equipped our armoured units with the high-performance *Leopard* tank. We are phasing in sophisticated tactical and interceptor aircraft. We have launched a program to acquire new frigates. All of this is the most modern equipment available — all of it tasked to defensive purposes.

We decided in 1969 that it was no longer appropriate for the Canadian Armed Forces to be equipped with nuclear weapons. We announced our intention to phase these systems out in a manner fully consistent with our commitments to our allies and as quickly as equipment replacement permitted. By 1970, we had divested ourselves of the surface-to-surface *Honest John* rockets in Europe. By 1972, we had completed the conversion of Canadian aircraft in Europe from a nuclear strike to a conventional attack role.

Also, by 1972, the *Bomarc* ground-to-air missiles based in Canada had been returned to the USA. We subsequently decided to replace the nuclear-equipped Canada-based *CF-101s*, by state-of-the-art *CF-18* interceptors. Those *CF-18s* will carry out our air defence role more effectively with conventional armaments than the *CF-101* could do with nuclear weaponry. This means that later this year we shall have rid ourselves of the last vestiges of nuclear weapons.

We have done more than look to our defences. We have addressed the causes of insecurity and instability, particularly in the Third World. East-West and North-South are the four points of the political compass of our modern age. The problems of the South cannot be solved in the absence of progress on global security. Massive military expenditures are distorting economic policies and diverting resources away from global economic development. This, in turn, is worsening Third World instabilities that ensnare East and West and add to the insecurity of us all.

Canadians, therefore, have earned the right to speak. They are telling us, the members of this House, as people everywhere are telling their own leaders, that the danger is too near. They want their leaders to act, to accept their political responsibility, to work to reduce the nuclear threat.

Last fall I spoke of an ominous rhythm of crisis. I drew attention to the confluence of three potentially disastrous trends — the resort to force to settle disputes, the risk of the proliferation of nuclear weapons, and the worsening state of East-West relations. I decided to practise what all seven leaders of the industrialized democracies had proclaimed last summer at Williamsburg: "...to devote our full political resources to reducing the threat of war".

I decided to use Canada's influence to call international attention to the danger, to try to inject high-level political energy into East-West relations, to turn the trend-line of crisis, to work at the cross-roads of common interest between the two sides.

I proposed that the megaphones be put away, that an armistice be declared in the war of ideology and recrimination, that an end be made to manichaeism on both sides; that we exercise leadership, and apply statecraft, in East-West relations — the most important strategic relationship that we have.

The initiative

Since last fall I have taken that message to Paris, The Hague, Brussels and Rome; to the Vatican, to Bonn, to London and to Zurich. I presented it in Tokyo, and Dhaka, and to the Commonwealth Heads of Government Meeting in New Delhi; to Peking, to Washington, and to the United Nations. I met with leaders in Prague, East Berlin and Bucharest, to ensure that our message was heard in the highest councils of the Warsaw Pact.

At each step along the way, my message was straightforward. Canada was not looking for a seat at the superpower table. But our lives and our future were on that table, as were those of the nine-tenths of the world's population living outside the USA and the USSR. We all had a right and a responsibility to involve ourselves, to press those at the table to remember their own humanity.

We proposed giving political impetus to the Stockholm Conference on measures to build confidence and reduce the risk of war in Europe. As many East-West contacts collapsed, that conference took on importance even beyond its status as the only forum serving the Helsinki process of *détente*.

We insisted that both sides invest political effort to stimulate the talks in Vienna on mutual and balanced force reductions (MBFR). These MBFR talks are the key to achieving parity of conventional forces in Central Europe and to raising the nuclear threshold, thereby diminishing reliance on early first use of nuclear weapons.

If I may make an aside, I want to insist that the MBFR are concerned with force reductions. They are not seeking equilibrium at a higher level. They are seeking equilibrium at a lower level. And I can't understand for the life of me, because I have explained it many times, why raising the nuclear threshold

by balancing conventional forces is always interpreted by my critics as balancing at a higher level. Surely the purpose of MBFR is to seek a balance at a lower level, and therefore raise the nuclear threshold.

We also proposed meetings as soon as possible of the five nuclear powers so that a forum might be established wherein to negotiate global limits and, eventually, reductions to their nuclear arsenals.

We urged action to reinforce the Non-Proliferation Treaty. Preventing the spread of nuclear weapons is in the interest of superpower, middle-power and micro-state alike. And yet, as long as the five nuclear powers show little sign of initiating the reductions called for in the Non-Proliferation Treaty, we run the grave risk of seeing nuclear weapons spread to new regions and to old rivalries.

Above all, at each step along the way I urged political leaders to commit themselves personally; to put peace at the top of their agenda; to exercise the political leadership the current dangerous situation demands — to restart the dialogue between East and West.

I told President Reagan that the signals he was sending of American strength were being received in the East — but that a message of peace was not getting through. I told leaders in Eastern Europe that the harsh rhetoric of their declarations had guaranteed rejection of the Warsaw Pact's more positive proposals, and there were some.

Sign of progress

Misperceptions and mistrust on both sides run deep. But I believe we are beginning to see signs of progress.

In Goa, in November, 42 Commonwealth leaders strongly endorsed our efforts to restore East-West political dialogue and to promote negotiations among the nuclear weapons states.

In Brussels, in December, NATO foreign ministers reached a consensus on several points I have argued strenuously during the past few years — particularly at NATO summits that were held. They made a declaration which offered the East a balanced and constructive relationship; they made it clear that the West did not aspire to strategic superiority; and that the West respected the Soviet Union's legitimate security interests. These are statements out of Brussels, in December — a meeting attended by the Canadian Secretary of State for External Affairs and Deputy Prime Minister; a meeting where he played an important role in getting these points accepted.

In accordance with our initiative, East and West have now agreed to resume the MBFR talks in Vienna on March 16. And they have agreed that foreign ministers should play a more active role in stimulating progress at those talks.

At our insistence, NATO foreign ministers participated early last month in the opening of the Stockholm Conference, to underline the importance they attached to high-level political dialogue. The

Warsaw Pact foreign ministers responded to this Western move and also went to Stockholm. Of special significance was the presence in Stockholm — and it would not have happened otherwise — of US Secretary of State Shultz and Soviet Foreign Minister Gromyko, who met for over five hours. Both also met with my colleague the Deputy Prime Minister and Secretary of State for External Affairs.

Broad political contact was thus re-established between the countries of East and West for the first time since the acrimonious conclusion of the Madrid Conference last September, in the shadow of the Korean airliner tragedy.

Even Prime Minister Thatcher has taken steps to improve contacts between East and West. Her visit to Budapest last week is a further signal of momentum in East-West dialogue — a determination to seek out areas of understanding between members of opposing alliances, and to promote a reassuring clarity about intentions.

In contrast to earlier statements, President Reagan twice last month signalled a constructive tone in American policy towards the USSR. The response from Moscow has been mixed — elements of tough rhetoric together with signs of a cautious readiness to re-open lines of communication.

I have, Mr. Speaker, just returned from consultations with the leaders of Czechoslovakia, the German Democratic Republic and Romania. Those countries represent a middle-European geography, and a middle-power psychology, with long experience of East-West tensions.

Obviously they are closely allied to the Soviet Union. But their leadership, their influence, and their identity are, in present circumstances, significant. I found, for example, a very positive response to my suggestion that the middle powers of each alliance could play a constructive part in reviving habits of consultation at the highest levels of East-West politics.

I gave them our Western perspective on the decline of *détente*, and on the importance of its renewal, and I listened to their own. We talked about the mixture of signals between East and West, and about the need to go beyond an improvement in rhetoric, toward acts and gestures to restore confidence and reduce tensions.

I return with several conclusions from my talks in Eastern Europe:

— First, I was struck by the contrast between the cordial, reasonable, and non-ideological private talks, and the occasional blast of Warsaw Pact fundamentalism to which we were subjected in public. I believe this disparity underlines the importance of personal contact and private dialogue. Without that dialogue, both sides risk remaining prisoners of their own polemic.

— Second, because we were able in our private talks to strip away much of the invective surrounding key issues, I believe we were able to begin a process of exposing areas of common interest. That process will take time, but I dare hope that a new level of maturity in East-West relations is within our grasp.

— Third, if we are to reach that level of maturity, we shall have to grapple with difficult problems of misperception on both sides — blind spots and distortions, subjective errors of analysis or of judgment.

Few of my interlocutors, for example, seemed genuinely able to perceive, let alone concede, the gravity of the threat posed to Western countries by the deployment of Soviet *SS-20s*. And for our part, I wondered whether we in the West had not significantly underestimated the full impact on the East of the combination of INF [intermediate-range nuclear forces] deployment with the harsh rhetoric of recent years.

It will be uphill work to gain a more accurate perception of each other, and to gauge more accurately the consequences of our various words and deeds. From a confrontational deadlock where INF deployment must continue, and negotiations must be restored, only the “third rail” of political confidence and communication can ensure an early and constructive outcome.

In reflecting on these conclusions, and on the substance of my talks in eastern and western capitals alike, it is clear to me that areas of common interest are beginning to emerge. Let me suggest ten principles of a common bond between East and West:

- (1) Both sides agree that a nuclear war cannot be won.
- (2) Both sides agree that a nuclear war must never be fought.
- (3) Both sides wish to be free of the risk of accidental war or of surprise attack.
- (4) Both sides recognize the dangers inherent in destabilizing weapons.
- (5) Both sides understand the need for improved techniques of crisis management.
- (6) Both sides are conscious of the awesome consequences of being the first to use force against the other.
- (7) Both sides have an interest in increasing security while reducing the cost.
- (8) Both sides have an interest in avoiding the spread of nuclear weapons to other countries — so-called horizontal proliferation.
- (9) Both sides have come to a guarded recognition of each other's legitimate security interests.
- (10) Both sides realize that their security strategies cannot be based on the assumed political or economic collapse of the other side.

As decalogues go, this may seem modest. But I wonder, in this period when there are positive signs of emergence from a time of crisis, whether there is not sound purpose in going back to basics; beginning

again, with a commitment to principles which can be shared; finding a place to start — surveying a little common ground on which to stand.

Therefore, we intend to draw on these ten principles, to develop elements of a common purpose among the leaders of East and West.

I shall be writing to President Reagan and to President Andropov, to leaders in both alliances, and to other statesmen, to propose that these are principles upon which both sides can build. Because there are points of agreement as well as disagreement. There is a way around the impasse of recent months. There are signs of promise and I believe that the trend-line of crisis has turned.

As we look back on our work over the past four months, and look to the months ahead, I am encouraged that we are beginning to see results. We sought to catalyze a dialogue between East and West. And that is happening. We sought to persuade both sides to turn down their rhetoric. And that has begun to happen.

I sought to associate myself with like-minded leaders in several quarters of the world. Many of them have begun, or continued, to make their own contribution to a reduction of tensions, to put forward their own proposals for arms control. My colleague the Deputy Prime Minister and Secretary of State for External Affairs and I have pursued the Canadian initiative in multilateral institutions, in bilateral relations, at special conferences, and in dialogue with groups and individuals.

The tasks ahead

We have injected political energy into East-West relations. But political energy is not, by itself, enough. It must be nourished by imagination, fortified by persistence, and confirmed by action: imagination to find new ideas, which break old deadlocks and address emerging dangers; persistence to negotiate new agreements and to meet the challenge of technology; action in the form even of small steps as evidence of good faith; action on specific tasks such as developing the means to verify arms control agreements, or in regularly scheduled consultations between East and West.

In the months ahead Canada will build on the progress so far achieved, to ensure that our ideas are further developed and implemented. We have no monopoly of proposals, nor do we expect them to gain acceptance overnight. What counts is that some, though by no means all, of the key East-West indicators show that their downward course has been arrested.

My own personal contribution, though necessarily less intensive than in recent months, will definitely continue. One will understand that 16 countries plus the United Nations in three months is a pace that I could not keep for an entire year. I intend to go to Moscow, whenever circumstances permit. Our initiative will also be taken forward by my Cabinet colleagues, by our ambassadors abroad and by all Canadians who share our purposes.

Canada will play its part in the councils of the West, in bilateral talks, at multilateral meetings and conferences, in contacts with the Soviet Union and its allies.

We shall work vigorously for progress in the Stockholm Conference and the MBFR talks. If these talks bog down, Canada will endeavour to ensure that political leaders again take a personal hand in energizing them. Once the MBFR negotiations resume in March, it will be imperative that NATO respond to the proposal made last summer by the Warsaw Pact.

Following further consultations with our NATO allies, we shall in the course of the current session of the Geneva Conference on Disarmament, circulate three proposals to gear down the momentum of new technology. We will thus give additional substance to the strategy of suffocation which I put forward in 1978. These proposals are:

- a ban on high-altitude anti-satellite systems;
- restrictions on the mobility of ICBMs [intercontinental ballistic missiles];
- improvements in the verifiability of future strategic weapons.

In the months leading up to next year's review of the Non-Proliferation Treaty, we shall continue to press both sides to keep the NPT bargain. For security is indivisible. If countries which do not now have nuclear weapons acquire them, then everyone's security is diminished.

The basis of the NPT bargain was that the nuclear powers would reduce their armaments in return for the non-nuclear powers not building their own, and that both would co-operate in sharing the benefits of the peaceful uses of nuclear energy. Thus, the current nuclear weapons states bear an immense responsibility in preventing the spread of nuclear weapons.

Consequently, we must also continue to press our proposal for a conference of the five nuclear weapons states. It is a concept whose logic is compelling. Those five nuclear powers are, at the same time, the permanent members of the Security Council. They have responsibilities as well as vetoes. That is why I asked the UN Secretary-General, Mr. Perez de Cuellar, to explore and to promote confidential meetings of their representatives in New York. In my talks with Premier Zhao in January, I found that the Chinese had, since my visit to Peking, begun to express a readiness to consider such contacts in New York without the pre-conditions they had raised before.

The idea will take hold slowly, to be sure, as new ideas do. But I believe that it will take hold. For example: accident, miscalculation, crisis, systems failure — these are nuclear perils which all of the five powers must cope with. And which they have the responsibility to manage co-operatively. I suggest, therefore, that an early focus of five-power consultations should be crisis management; particularly the handling of nuclear weapons incidents, and the improvement of crisis communications.

Among the five nuclear weapons states, the two superpowers have by far the largest arsenals. They bear a corresponding responsibility to apply the same genius to reducing their arms as they did to building them. They must not let their views of each other's morality and legitimacy prevent an early resumption of arms control talks. It is vital that they resume negotiations on limiting and reducing intermediate range and strategic nuclear weapons.

This past decade the superpowers have not ratified a single significant arms control agreement. In the preceding decade they had ratified a dozen. Gestures are needed to lift the clouds of suspicion. A useful step would be for both sides to ratify an agreement which they observe already: the Threshold Test Ban Treaty.

I have been giving considerable attention so far to five-power relationships, to the bilateral environment of the superpowers, to multilateral talks and conferences. Much of our own contribution to this work is enhanced by the consultative process open to us in NATO. NATO is a significant forum for Canada, whether in terms of national policy, of collective security, or of basic approaches to East-West relations.

When NATO was formed in 1949, Canada insisted that it be a political alliance, as well as a military one. And Canada continues on that basis loyally to maintain our long-standing commitment to NATO and to its policies.

But all institutions tend, by their very nature, towards inertia unless their members give them energy and a renewed sense of direction. Thus I was gratified that NATO ministers decided, at their December meeting in Brussels, to commission a full review of the steps NATO can take to improve East-West relations. Canada had been urging such an approach at successive NATO summits.

The last such review, in 1967, took place at the initiative of Pierre Harmel, Foreign Minister of Belgium. Then, as now, there was a sense that things ought to change. There was a need for the alliance to develop a vision of the future, and a political strategy to achieve it. The document which resulted, known as *The Future Tasks of the Alliance*, was a landmark in NATO thinking. It came to terms, as in this period we also must come to terms, with the need for a broad policy which governs, and gives purpose to, our military security.

The Harmel report's most profound conclusions were:

- that military security and a policy of *détente* are not contradictory — on the contrary, they must be complementary;
- that work towards a balanced reduction of military forces should be intensified, as well as efforts to overcome instability and insecurity;
- that the world had changed since the formation of NATO in 1949, and that there was a need to look ahead — to gain sightlines on the future and to work along them;
- and that each member of the NATO alliance had a contribution to make, not in subordination to, but in consultation with, the other members of the NATO alliance.

Despite frequent setbacks, the results of that policy are impressive, especially when viewed from today's perspective: the inter-German settlements of the late Sixties; the bilateral promotion of ties with the USSR by many Western countries, including my own visit in 1971; elements of rapprochement in the superpower relationship — and the Helsinki Final Act of 1975.

We need to approach the coming period with the same spirit of enquiry, the same creative diplomacy, the same forward-looking vision.

The world has changed since 1967. We sense the shifts of power and psychology. East-West relations are far more complex than they were 17 years ago. There are competing trends of autarchy, interaction, and interdependence, unforeseeable at that time.

It is essential that this new review chart a course for the alliance to the end of this century. Canada will make its own contribution to the work, and abide by the results. I congratulate the current Belgian Foreign Minister, Leo Tindemans, for his part in launching the review. I welcome the incoming Secretary-General, Lord Carrington — a man whose own ideas on East-West relations will inspire us with creativity and guide us with common sense.

NATO is an alliance of democracies. Open discussion and independent action are as important for us as they were for Harmel. An alliance which fails to defend democracy in its councils will surely fail in its defence of democracy in the field. NATO summit meetings have a particular importance, and should be the senior level, the supreme level of responsible alliance leadership and authentic debate. Prime Minister Thatcher and I discussed this point during her visit here last September. In my remarks after dinner in Toronto, I suggested that: "...Canadians look upon NATO as the cornerstone of our defence policy. We do not wish to be silent partners, however. It is a political alliance, after all, and politicians like to discuss and even argue the issues. If we disagree from time to time, and expend great effort in trying to resolve our differences, that is not a sign of weakness in the alliance, but a sign of the strength which pervades a free association of independent countries".

Just as NATO's last general policy framework emerged from the intellectual ferment and military turbulence of the 1960s, so should the next review take into account, if only as background, the full range of ideas now current about international security and the effects of nuclear arms. Many of these ideas are uncomfortable, incompatible, and awkward to examine. But they are there, and no conspiracy of silence will make them go away.

Neither the alliance, nor its member democracies, are built on blind faith. National support for defence policies — and for defence expenditures — cannot be sustained by political or strategic liturgy alone. Bridging the gap between accepted wisdom and public anxiety surely means an open examination of the intellectual territory now occupied by many critics — critics of every persuasion, I might add — of contemporary concepts and doctrines.

I believe the new NATO review should reflect what I have been calling the need to bring statecraft and high politics to every level of the East-West system. And I suggest that the review will also have to cope, as Harmel did, with differences of perception among alliance members; with European and North American perspectives, inconsistencies and ambiguities; with inchoate doubts and aspirations on each side of the Atlantic.

Canadians know the gravity of these issues. They know that Canada's power is limited and that we

cannot force others to listen to us. But they also know that Canada has a role to play. That is why the government is creating a defence and arms control institute: to help Canada and Canadians more fully contribute to advancing the debate on peace and security, and to shaping that debate.

Throughout my own personal efforts to subject the science of war to the art of politics, I have been sustained by the support of many Canadians, and encouraged by their good wishes. I thank them now.

...I wish also to thank in French the numerous people who have written to me in that language to encourage me with their advice, their prayers, and thank them heartily for having participated with us, the government, and us, the Parliament, in this process....

...and assure them, as well as this House, that the work we have started will continue. The government of Canada is committed to these purposes and will carry them forward.

But we can carry them only so far without the collaboration of those who own and control nuclear weapons. Because it is the nuclear powers, and above all the superpowers, who bear the greatest responsibility. Let it be said of them in the future that this was the time when their political judgment controlled their technological genius, when their best interest served the common good. Let history survive, that it may judge them generously.

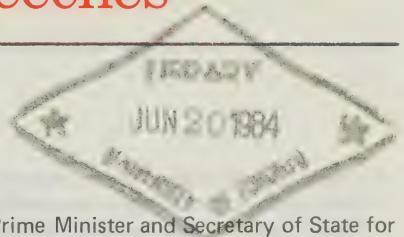
Let it be said of the other nations that they saw their own responsibility to work to reduce the threat of annihilation, to forego nuclear weapons, and to serve the purpose of a durable peace.

And let it be said of Canada, and of Canadians: that we saw the crisis; that we did act; that we took risks; that we were loyal to our friends and open with our adversaries; that we lived up to our ideals; and that we have done what we could to lift the shadow of war.



7 Statements and Speeches

No. 84/3



THE UNITED NATIONS – A CANADIAN PERSPECTIVE

An Address by the Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, to the Empire Club, Toronto, March 22, 1984.

When I last spoke to you, in February 1978, I talked about the Multilateral Trade Negotiations. Those negotiations reflected a hard-headed assessment of Canadian interests. I would like, as much as possible, to use the same approach to my topic today.

Why have I chosen to speak to you on "The United Nations: A Canadian Perspective"? Because I believe that we in Canada should think more — argue more, if you like — about this multilateral system that Canadians have done so much to help build, that has greatly benefited Canada over the years, and that is now in a particularly difficult period in its development.

Since returning in September 1982 to External Affairs, I have met on several occasions with the UN Secretary-General, Javier Perez de Cuellar — a man we are fortunate to have at the helm of the UN at this time. He has pointed starkly to "the crisis in the multilateral approach in international affairs". He has warned that "we are perilously near to a new international anarchy".

What is Canada's stake in this crisis in the multilateral approach? Though it is often easier to assess the benefits from bilateral relationships, multilateralism remains central to the promotion of Canadian interests. This applies both to groupings of limited membership such as the Western Economic Summits, the Organization for Economic Trade and Development, the North Atlantic Treaty Organization, the Conference on Security and Co-operation in Europe, the Commonwealth and Francophonie, and to global multilateral institutions. Canadian trade and Canadian jobs depend directly on the stability of the world monetary and trading systems underpinned by the International Monetary Fund and the General Agreement on Tariffs and Trade. This link is direct enough and obvious enough that there is a well understood economic logic to support, for example, our \$300 million annual contribution to the various international financial institutions.

Our interests in the United Nations are more diverse but still closely related. What benefits do we receive from our contribution of about \$350 million in 1983-84 to the organizations and agencies in the United Nations system? It is an impressive contribution — sixth largest over-all and twice that of the USA on a *per capita* basis. By domestic standards, it is slightly more than the amount spent annually for police services in metropolitan Toronto, but we still have good reason to look closely at what we receive in return.

Three specific examples will serve to introduce what is naturally a wide-ranging answer.

First is the UN Convention on the Law of the Sea, signed by Canada in December 1982. That convention was the outcome of over a decade of UN negotiations in which we took a leading role. The convention

offers Canada many direct benefits: a 12-mile territorial sea; a 200-mile exclusive economic zone; exclusive jurisdiction over the continental shelf, even when it extends beyond 200 miles; and environmental protection provisions particularly in ice-covered waters. Clearly this UN convention has been a central element in the promotion of Canada's national interests.

As a second example I take the International Atomic Energy Agency. The IAEA acts as the inspection agency in applying internationally-accepted safeguards on the sale of nuclear material and technology. For Canada to provide equivalent bilateral coverage for its nuclear exports would not only be prohibitively complicated from a technical and political point of view but also enormously expensive.

A third example is food aid. The Canadian development assistance program includes the provision of food aid which is valued at about \$325 million in 1983-84. Roughly 40 per cent of this is channelled through the World Food Program. This UN program not only produces developmental returns to the recipient country it generates valuable income for Canadian farmers and fishermen.

Moving to the broader questions about the role and functioning of the UN — what is wrong and what can be done to correct it — we must first recognize the sources of disillusionment. Many of these are all too familiar: the intrusion of political controversy into the work of the Specialized Agencies; the effect of attempts to isolate Israel in the UN system; and the general malaise that has afflicted UN bodies as a result of increasingly complex and conflicting interests associated partly with a greatly expanded membership. If these frustrations continue to mount they could lead to the unravelling of the system we have so painstakingly constructed.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) provides a striking example. While we take for granted the coldly calculated approach of the USSR toward the UN system, we become very concerned when the United States displays an ambivalent attitude. We would not like to contemplate any important UN agency without the USA as an active member providing positive leadership. This is why, despite sharing much of its exasperation, that we would prefer the USA to stay within UNESCO and continue working vigorously with countries such as Canada, radically to improve UNESCO's performance. Canada is determined, in working from within, to get UNESCO back to the priorities of its mandate: education, culture and science, that are of value to Canadians.

Our response is not simply an act of faith, an ingrained reflex from an earlier more positive era in UN diplomacy. It is based on a realistic analysis of what the UN is doing. Broadly speaking the main areas are peace and security and functional co-operation.

How well is the UN doing in the key area of peace and security? Not very, must be the answer. Wars rage in the Middle East. The occupation of Afghanistan and Kampuchea continues. A Caribbean island is invaded, and conflicts fester in Central America. Moreover, in recent years the Security Council has become increasingly paralyzed due to the unsatisfactory relationship between the two superpowers. This has resulted in some cases in the UN being deliberately bypassed on security issues. Clearly the UN has to do better on high profile peace and security issues if it is to gain maximum support in the international community and with our publics.

We must not, however, fall victim to exaggerated expectations. There is little point in blaming the UN itself for the sins and omissions of its member states — for the inability of those who wield a veto to agree among themselves. Equally important, we must not lose sight of the significant contributions that the UN has made, and can continue to make, to the maintenance of peace and security.

For example, if and when peaceful solutions do come to the Middle East and Namibia, they will be based squarely upon balanced Security Council resolutions. Resolution 242, passed in 1967, provides for withdrawal from occupied territories and the right of all states in the Middle East, including Israel, to exist in security and peace. This is the basic structure upon which the Egypt-Israel peace treaty was built, and upon which any peace settlement enabling the Palestinian people to achieve their legitimate rights will also have to be based. Resolution 435, passed in 1978, sets out in detail the steps which can lead to a Namibia truly independent of South Africa. Canada remains deeply involved in the efforts of the Secretary-General to implement the UN plan. No other scheme appears feasible and acceptable to the international community.

Canadians continue to serve in UN peacekeeping forces and observer missions that are making positive contributions to stability in the Middle East and Cyprus. We are ready to participate in Namibia to help oversee the independence process and would expand our participation in the Middle East if the conditions for effectiveness were achieved.

Though decolonization is almost complete, we should not overlook the UN's very respectable record in this process, particularly in making it less violent than it might have been.

Finally, we should not dismiss the UN's function as a useful safety valve. Despite the limitations of the UN, I believe the international situation would be infinitely more dangerous without it.

The maintenance of peace and security in the UN system may capture the headlines, but much valuable work goes on in the technical parts of the system.

In 1984 the United Nations Development Program (UNDP) will provide about \$1 billion in technical assistance funds to developing countries of which \$61 million will come from Canada. Other agencies such as the United Nations Children's Fund and the UN Fund for Population Activities also respond effectively to specific development needs. These efforts are of direct relevance to Canada not only because of our humanitarian commitment to the development process, but also because a growing and healthy world economy provides markets for Canadian goods and services.

Despite the Soviet veto in the Security Council, the International Civil Aviation Organization has been able to investigate the Korean Airline disaster and to work towards ways of preventing future recurrences. Due to the work of the World Health Organization in eradicating smallpox Canadians need no longer carry vaccination certificates when they travel abroad.

In human rights the distance still to go should not obscure the steady progress. No longer can a government claim that human rights abuses are solely within its domestic jurisdiction; no longer can it

be immune to positive UN pressure. Canada through nine consecutive years of membership on the UN Commission on Human Rights has been deeply involved in this process.

The UN also co-ordinates humanitarian assistance to refugees, responses to disasters, and works on social issues, such as the status of women, youth, the aged, the disabled, and the use of narcotics. progress in these latter fields relates directly to programs in Canada.

The UN has pioneered legal regimes in crucial fields, such as trade, law of the sea, outer space, the environment, civil aviation, and telecommunications.

These then are the current realities of the UN system, both its shortcomings and its positive features. What about the future? I do not see much merit in being distracted by consideration of radical institutional reform.

As I said to the UN General Assembly last September, what we must do is strengthen our existing institutions in practical ways. Canada and other states such as the Nordics are trying to convince a wide cross-section of UN members to recognize the dangers and act now.

First and foremost what is needed is an attitudinal change — the need to improve the working relationships between the superpowers. As Prime Minister Trudeau has emphasized, the five permanent members of the Security Council are also the five nuclear-weapon states. They have special responsibilities for international security under the Charter. Their contacts can be furthered through private UN meetings under the auspices of the Secretary-General. In the specific area of arms control and disarmament we must work to ensure that the Conference on Disarmament in Geneva becomes a more productive forum as it now appears to be in its work on chemical weapons.

The UN has grown rapidly in size, but the members have yet to show the maturity that must accompany the new relationships created. Developing countries should recognize and accept the responsibility that goes with their numerical superiority in the system. Developed states who provide most of the funds should recognize the legitimate objectives of the majority. Important issues should go forward on the basis of mutual respect of each other's concerns in the give-and-take of negotiation. Canada seeks to promote such a pragmatic approach.

The North-South dialogue provides a specific example. At the Versailles Summit in 1982, the major Western developed countries agreed to proceed on global negotiations, provided this would not impede the work of the existing specialized bodies of the UN system. Since then, Canada has sought to encourage the sense of realism and moderation that has been growing among developing countries. We have taken an active part in the most recent attempt to reach an agreement, but it is still too early to say whether a successful outcome can be achieved.

Last Septemeber, I proposed to the General Assembly three specific measures for improving the effectiveness of the Security Council and the Secretary-General's role to deal with peace and security issues.

First, I suggested that the Secretary-General should make greater use of his authority to bring current or potential crisis situations to the attention of the Council and expand his "fact-finding capacity". As an example I welcome his very recent initiative to dispatch at short notice a specialist group to Iran to investigate the alleged use of chemical agents.

Second, I suggested that the Security Council should meet privately and informally with the Secretary-General to examine and perhaps avert crises. The Security Council has had a number of informal private discussions to examine possible changes in their procedures, but as yet nothing concrete has emerged. Member states, particularly the permanent members of the Council, must accept their responsibilities, but mustering the political will for change is difficult. We should seek every opportunity to help generate the necessary political commitment, as the Prime Minister's initiative is doing. In this respect I believe Canada should seek re-election to the Security Council before the end of the decade.

Third, I suggested that the Secretary-General be given increased staff and resources in support of his "good offices" role in the resolution of disputes. In particular, I personally offered to make available to the Secretary-General, as appropriate, information which we believe might assist him in dealing with conflicts. This offer of support was warmly received.

The UN Secretary-General has made clear to the Prime Minister and me that he is looking particularly to Canada for help in revitalizing the UN system. We shall soon have an opportunity to continue our dialogue when the Secretary-General is able to accept our invitation to visit Ottawa.

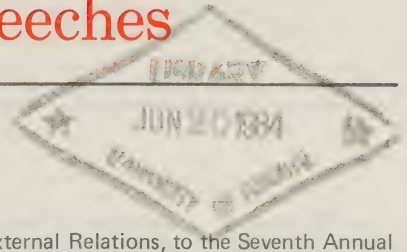
Since 1945, active support of the UN system has been a cornerstone of Canadian foreign policy. A hard-headed assessment of current Canadian interests confirms that support. A stronger UN is necessary if we are to meet successfully the growing crisis of multilateralism in international affairs.



Statements and Speeches

7

No 84/4



HUMAN RIGHTS IN CANADIAN FOREIGN POLICY

An Address by the Honourable Jean-Luc Pepin, Minister for External Relations, to the Seventh Annual Conference on Human Rights and Canadian Foreign Policy, Canadian Human Rights Foundation, Ottawa, March 26, 1984.

Last December, the world celebrated the thirty-fifth anniversary of the Universal Declaration of Human Rights, which proclaimed those human rights and fundamental freedoms that governments had already undertaken to respect and to promote in their signature of the United Nations Charter in 1945.

As many of you know, Dr. John Humphrey spoke for Canada at the General Assembly's commemoration of this anniversary, with a statement that pulled no punches, and was so well received that he was given the honour of presiding over part of the day's session.

As we all know, Professor Humphrey was in at the beginning of the process by which human rights have been established as a subject for continuing international concern. As president of the Canadian Human Rights Foundation, he is still pursuing the "cause" with all his youthful vigour. His name is almost synonymous in Canada with international human rights, another demonstration of the theory that, to progress, great "causes" must be incarnated in dynamic and generous individuals.

A revolution

Let me make first a few general remarks on the place of human rights in international law and practices.

What has happened in these past 40 years has been truly revolutionary. Before the Second World War there was little if any challenge to the established doctrine that the individual and his rights were a matter of purely national, domestic, intra-state responsibility. The League of Nations, you will recall, had no mandate to consider human rights except in the case of those minorities for which some special treaty arrangements had been made at Versailles, an exception which only confirmed the general rule that governments enjoyed a sovereign freedom to deal with their citizens as they wished. In legal terms, as I used to say in my professorial days, individuals were sometimes the "object", but never the "subject" of international law.

Out of the terrible events of the Second World War have come, in relatively rapid succession, the UN Charter (1945), the Universal Declaration of Human Rights, the Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights (which entered into force in 1976), and those other multilateral declarations and conventions which have established the rights of the individual in the framework of international law.

In Europe and in Latin America, this international activity has been paralleled by the development of regional pacts, even more demanding in some respects, in which the states concerned have sought to develop legal systems having particular relevance to their cultures.

In this framework of multilateral treaties, states have defined more and more precisely international standards of human rights which they have agreed to observe within their frontiers, and which they have undertaken to promote widely. States are now answerable to one another, and to the international and regional communities at large, for their conduct in this field. This is "truly revolutionary", indeed.

Obviously the "revolution" is not yet complete. While we can rejoice at the establishment of this international network of state obligations in human rights, we cannot take as much satisfaction from the means available to ensure that these obligations are met. To create more effective structures and procedures for implementation will be a long and difficult task in a world of states, each of which must be persuaded to yield still greater amounts of "sovereignty".

There are a number of ways in which protagonists of human rights can seek to achieve more effective and universal implementation of the agreed upon international standards. The first of these is by ensuring that new international conventions contain within themselves some adequate means for their enforcement. I think this will be done in the case of the Draft Convention on Torture, which has gone forward from this session of the Human Rights Commission for consideration at this fall's General Assembly. While final agreement is still to be obtained, Canada is giving its strongest support to the creation of an active committee under this convention, a committee which will not only consider national reports on the matter but will also have a mandate to investigate complaints received from various sources.

Secondly, more coverage can be obtained by improving the processes, particularly those of the Human Rights Commission, under which any member state of the United Nations, and not just those who have ratified the covenants and conventions, can be called to account on allegations of gross and persistent violations of international standards.

Thirdly, more states must be persuaded to join the international network of treaties and conventions, and thus expose themselves to the implementation procedures which exist. For example, at present, only 77 states, not quite half of the UN member states, have ratified the Covenant on Civil and Political Rights. Of these, only Canada and 30 others have ratified the Optional Protocol to that Covenant, giving individuals a right of appeal to an international panel, the Human Rights Committee. Since human rights problems, in their nature, involve disputes between the individual and his government, that individual's right of petition is crucial to the real defence of human rights. It is heartening that more states are joining in. Some have learned the hard way; Bolivia recently signed the Optional Protocol on its return to civilian government, and the new government of Argentina has legislation before its congress to permit ratification of both basic Covenants and the Optional Protocol. As usual the revolution is evolutionary!

At the United Nations, and in its bilateral relations with other states, Canada will have to continue to push the slow, incremental process of bringing more states into the network of treaty law, and in improving the means of bringing states to implement such laws.

This brings me to a second set of considerations, on the role of Canada in this area of human rights.

Canada and the battle for human rights at the international Level

This year, Canada will be completing a series of three successive terms — a total of nine years — of membership on the United Nations Commission for Human Rights. It is mainly in this Commission that agreement must be reached on the definition of international standards in human rights, and where new ways of encouraging the practical attainment of these standards must be developed.

During these nine years Canada has been among the most active members of the Commission, with a strong delegation which has been led throughout this period by Ambassador Yvon Beaulne. Ambassador Beaulne is now retiring, but he has left his stamp on the work of the Commission, and on the Department which he has served so well. His strong personal conviction, and his great negotiating skill, have produced solutions to many issues in which the lines of battle were firmly drawn, and passions were high. He has also served as an inspiration to all who have worked with him in this field, and he leaves behind a considerable number of officers — a human rights "Ginger Group" — who are personally committed to seeing the good work go forward.

What has Canada been able to achieve in the Commission over our years of membership?

First I would like to give you a brief report on the current session, running from February 6 to March 16, on which we are still consolidating our final reports. It was not marked by any spectacular breakthrough, but there was good progress on a number of issues.

As I have already indicated, the Commission produced a draft Convention on Torture, which has been high among Canada's objectives, and to which our delegations have devoted a great deal of effort. If adopted by the General Assembly, this convention will give a clear definition of the crime of torture, and establish definite obligations on states parties to prevent such abuses, to punish those who may commit them, and to compensate the victims.

As a result of a Canadian initiative, the Commission will annually receive and consider a report on possible human rights implications of states of seige or emergency which may exist in various countries, a situation which more often than not results in the severe limitation or violation of the rights of the individual.

Canada supported proposals which have strengthened the continuing operations of the Working Group on Disappearances and the Special Rapporteur on Summary Executions.

Canada successfully launched initiatives on Prisoners of Conscience and on the Rights of the Disabled and obtained consensus support for continuing efforts to improve ways to deal with, and if possible prevent, mass exoduses of persons from any state as a result of violations of human rights.

After obtaining some improvements in drafts, our delegation was able to join in the Commission's approval of resolutions on Guatemala, El Salvador and Chile.

The Commission approved the appointment of Special Rapporteurs for Iran and Afghanistan, which should improve its ability to consider the unsatisfactory state of human rights in those two countries.

Consideration on Poland was deferred until the next session, but this at least will ensure that the situation there may be debated at that time.

In all, it was a very busy session, and one in which Canada was able to accomplish a considerable amount.

Looking back now over the past nine years, I think that Canada can be proud of what it has been able to contribute to advancing human rights through the work of the Commission. Much of our contribution has been in a multitude of small efforts to improve the operation of some procedure or to make some resolution a little less political and more constructive in keeping with our general belief that these matters are best pursued in a moderate, balanced and constructive fashion, with a force that draws its strength from basic humanitarian conviction rather than from political ideology. It is this fundamental concentration on human rights, by and for themselves, which has marked our contribution to the Commission, and which has made Canada a credible and productive member of the Commission.

One of the main ideas Canada has promoted in these nine years is the thematic approach to human rights violations, an approach which deals with particular types of violation on a global basis, examining the general circumstances under which violations occur, as well as the particular ways they have developed in the various countries concerned. This approach, with its initial focus on the sin rather than the sinner, has undoubtedly led to a more reasonable and comprehensive examination of such difficult matters as "summary executions" and "disappearances" that would have been possible if cases had to be raised separately with regard to particular states.

Examination of "summary executions" and "disappearances" on a global basis now continues from year to year, and the processes developed from their examination are gaining increased protective effect from their ability to react to new cases with greater speed. Thus, two of the great crimes against the inviolability of the person are being more effectively addressed by the use of this thematic approach. Canada, as the initiator of the Working Group on Disappearances can take much of the credit for this progress. There are many areas to which the approach can be extended; we have adapted it to some already, and no doubt will wish to propose it for others.

You have noticed that I am talking of new contributions which Canada might make to the work of the Commission at the very moment when we are giving up our membership! I know that the prospect of Canada not being on the Commission is almost unthinkable to some Canadians. Coinciding with the retirement of Ambassador Beaulne, they fear that this absence could mark the end of an era of Canadian "activism" in the promotion of human rights on the international scene.

So widespread is this concern that I think I must take this opportunity to ask you to accept that in any body of limited membership, particular states, Canada in this case, must step aside from time to time to allow other states, those of the Western group in this instance, to take a turn. I must assure you that it is the government's intention to seek re-election at the earliest possible date.

During the coming period, while Canada lacks full membership, we shall still be represented at the Commission by a strong observer delegation led by a senior diplomatic officer. We shall not be able to introduce resolutions or participate in the voting, nor shall we be able to take part in the confidential considerations of the country situations. On the other hand, we shall be able to participate in the debate and sit on a number of the working groups, and co-sponsor resolutions. Indeed it seems to me that by working closely with delegations of friendly member states, and being able to concentrate our efforts on items of most interest to Canada, we will be able to accomplish almost as much as if we were full members. I hasten to add that even if this optimism proves well-founded, we would still seek re-election as soon as possible.

I would also like to note that there will be eminent Canadians working within the United Nations system as experts in human rights, rather than as agents of the government. Madame Gisèle Coté-Harper has been elected to the Human Rights Committee to fill the unexpired term of Mr. Justice Tarnopolsky. Mr. Justice Jules Deschênes and Madame Rita Cadieux have been elected, as member and alternate respectively, to the Sub-Commission for the Prevention of Discrimination and Protection of Minorities. We also have Maureen O'Neil on the UN Commission on the Status of Women, and Madame Marie Caron has served on the Committee for the Elimination of Discrimination Against Women since its inception. Each has a distinguished record in human rights, and I am sure that they will contribute to the impartial and international character which we would wish to maintain in the bodies on which they serve.

In addition to the United Nations, there is another forum in which human rights are coming increasingly to attention and that is the system of meetings which is held within the process of the Conference on Security and Co-operation in Europe (CSCE), embodied in the Final Act of Helsinki in 1975. The CSCE is a multi-faceted process in which there are at present two main parts, the security aspect and the humanitarian dimension. The Final Act recognized the importance of human rights to the relationship between East, West and the neutral and non-aligned states of Europe, plus Canada and the United States.

The negotiation of the humanitarian dimension was difficult in the first instance and, with the decline of *détente*, has become an ever-larger bone of contention, at the first follow-up meeting in Belgrade and again at the second follow-up meeting in Madrid from 1980 to 1983. At the Madrid meeting the subject of implementation in the field of human rights was pursued throughout the three years with full participation by the Canadian delegation. I regret to have to say that the debate did little to reach a solution to the problem of implementation as an irritant of major proportions. In fact, it would be fair to say that during the conference, performance became worse and exculpatory justifications were made by some participating states which will only add to the problem.

In his opening speech on November 11, 1980, the then Secretary of State for External Affairs, Mr. MacGuigan, proposed that a meeting of experts be held to discuss the problem of human rights within the CSCE context. I should add a word of caution at this point. The expression "meeting of experts" is a term within the CSCE system which defines the nature of the meeting rather than the nature of the participants. The meeting, to be held in Ottawa in April, May and June 1985, will be an inter-

governmental meeting and more political than expert. It will undoubtedly lead to a further review of implementation under the Final Act but the Canadian government would also hope that the meeting would start a political process which could lead to more common agreement on human rights than now exists between East and West. If this process can be inaugurated, it will undoubtedly be long and slow.

Before that meeting we shall be consulting widely with Canadians, individually and with non-governmental organizations of all types who may have an interest in the issues. I would hope that you, as persons having a real concern in these matters, might now start considering the matter, and in due course give the government your thoughts on how the widely differing concepts of human rights held in the West and in the East might be steered towards some form of reconciliation. If our aim was merely to attack the East European governments on their shortcomings, as we see them, we have already more than enough information to sustain our debate. If we were to do so, we would probably find ourselves left with a certain moral satisfaction, some hotel bills, and little else.

Human rights in bilateral relations

In addition to its continuing activity in multilateral forums, Canada has also been expanding and consolidating its efforts to give full expression to human rights factors in its bilateral relations with other states. It has for some time been established practice for Canadian missions abroad to keep abreast of the human rights situation in the countries to which they are accredited, and to report regularly to Ottawa on any significant developments. Here in Ottawa, all those concerned are ever more aware of the importance of the human rights factor in external relations. It has been the government's objective to integrate human rights into our whole system of relationships, to let the preoccupation permeate the entire structure rather than to highlight the subject by establishing a distinct organizational unit with specialized officers abroad to work exclusively on this subject. I think it would be a mistake to hive-off the subject in this manner, when it is such an important factor running through the political, economic and social fabric of any country.

In our bilateral relations, our main efforts continue to be the persistent expression, most often privately, of Canadian concern over particular cases in which individuals may be subjected to abuse. A typical case is one in which our embassy is asked to make enquiries of the host government about the condition of some prisoner detained for what we consider political rather than criminal reasons. Such enquiries will be made on simple humanitarian grounds, or because Canada has some more specific interest arising for example from the concern of relatives living here or from publicity generated by concerned non-governmental organizations. Whether such an approach is likely to be effective in alleviating the conditions of those concerned will be a consideration. There are cases where raising the matter might well be more prejudicial than helpful to the persons involved. Cases of particular significance may be raised in private talks between Canadian ministers and their foreign counterparts, on the occasion of visits.

It is hard to assess the precise effects of this rather "quiet diplomacy", but I know that it produces results in many cases, and that over time it serves to keep the government concerned fully aware of

Canadian views. Since success depends often upon discretion, it is not an area in which the Department of External Affairs will ever be able to claim much credit for its efforts, but it is certainly a field in which departmental activities have increased greatly over the past ten years, and I think will continue to increase.

The government of Canada is often told to limit development assistance to those developing countries in which the human rights situation gives cause for concern. We resist the invitation most of the time. By decreasing our bilateral assistance to express displeasure with the conduct of existing regimes, we might well indeed be prolonging and even adding to the hardship of the people we seek to assist, punishing them for the sins of their government. But there will be times when we will feel compelled to suspend bilateral assistance, as was done most recently in the cases of Guatemala and El Salvador. Such decisions must always be taken with considerable regret, in sorrow more than in anger, and only in extreme circumstances.

Indeed, in withdrawing assistance, we remove an important element in our influence for effecting gradual improvement in these matters.

Similar considerations must apply to Canada's voting for or against development programs and projects of the World Bank or other international development and financial institutions, with the added consideration that these organizations are generally bound by their charters to consider only economic and technical, not political, criteria. It has been our policy to respect that rule, sometimes with a certain regret, and with the consolation that such projects take a long time to become realities, time which may allow for behavioural changes prompted by other external and internal influences. I think we must continue to follow this policy, if only to keep the international institutions from becoming battlegrounds for conflicting political pressures.

We have, I think, a record for the protection and promotion of human rights abroad of which we can be justly proud. Canada's able representatives in embassies and on human rights bodies abroad have credibility mainly because we are recognized as practising — generally speaking — what we preach.

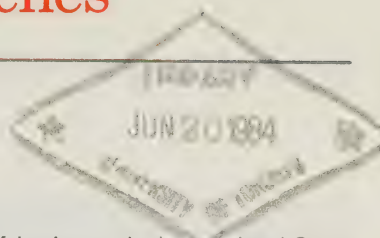
It is normal that our external relations should reflect the remarkable growth in the respect for human rights which has been seen in Canada in recent years. The Charter of Rights and Freedoms which now forms part of the Canadian Constitution serves as the cap-stone of a complex and comprehensive structure of federal and provincial legislation and administrative processes, all designed to protect the individual from injustice and discrimination, and to enhance the rights of groups who may be at a disadvantage. In this last vein there have been solid efforts made on all fronts to improve the lot of our native population, the handicapped, women, children, and others whose rights may be particularly vulnerable.

It is natural that we should wish to project these efforts abroad, but we must not think that this is a one-way street. Many concepts that we considered part of our heritage have been given clearer definition and added force from being tested in the international arena, and have returned to be incorporated into new Canadian legislation, or to be used as general guidance by our courts. Consequently, in this and in many other ways, the continued efforts of Canada to protect and promote human rights everywhere will be in our own Canadian interest.



Statements and Speeches

No. 84/5



GULF OF MAINE MARITIME BOUNDARY CASE

Opening Statement by the Honourable Mark MacGuigan, Minister of Justice, at the International Court of Justice, The Hague, April 2, 1984.

I am honoured to open these historic proceedings on behalf of Canada. The late Judge John E. Read was one of the early advocates of a flexible chamber system within the International Court of Justice. So it is especially appropriate that Canada's first case before the Court should be the first case heard by a chamber formed under Article 26, paragraph 2 of the Statute. This is also the first time that any international tribunal has been called upon to fix a single maritime boundary dividing both the continental shelf and the 200-mile fishing zones of neighbouring coastal states. The practical effect is that we are dealing with the first judicial delimitation of the exclusive economic zone since the emergence of this new concept in state practice and in the United Nations Convention on the Law of the Sea. What we do here is likely to prove of great moment to the future development of international law.

Mr. President, Canada and the United States have never before submitted a boundary question — or any other question between them — to the International Court of Justice. The two countries, however, are not strangers to third-party settlement procedures in their bilateral relations. Indeed, they have resorted to arbitration of their differences on 20 occasions in the past, beginning with the St. Croix River Boundary dispute in 1798. The present case fits within a long tradition of peaceful and progressive settlement of the boundaries of Canada and the United States. Mr. President, I wish to make clear at the outset what it is that brings the parties before the Court on this occasion. In two words, it is Georges Bank. The written pleadings of both parties leave no room for doubt that the object of their dispute is Georges Bank. More specifically, the dispute centres on the abundant fishery resources and the potential hydrocarbon resources of this large detached bank seaward of the Gulf of Maine, off the coasts of Nova Scotia and Massachusetts.

Canada has claimed less than half of Georges Bank since it first began to issue oil and gas permits in the Gulf of Maine area in 1964. The United States has claimed the whole of the Bank since 1976. This difference in the extent of the claims of Canada and the United States is more than a simple quantitative difference. Whatever may be the outcome of the present proceedings, the United States will not cease to be present on Georges Bank, since the Canadian claim itself leaves more than half of the Bank to the United States. If the Court were to accept the United States' claim, however, the result would be Canada's eviction from the Bank as a whole. Canadian fishermen would be banished entirely from this traditional fishing ground on which they depend today and have depended on for many years.

Long-standing Canadian offshore permits would become worthless overnight. The effect on Canada — and especially on Nova Scotia — would be a heavy one. No decision by the Court could produce a similar result for the United States. There is accordingly an essential difference — a qualitative difference — in what is at stake for the parties in these proceedings. This was already the case in relation to

the claims defended by the parties when they concluded the special agreement in 1979. The United States widened the gap still further in claiming its "adjusted perpendicular line" in 1982. In 1979 and in 1982, however, the United States' claim encompassed the whole of Georges Bank. The United States line has advanced further towards Canada but the United States objective remains the same. And it was precisely the extravagance of the United States' claim that made prudence and reasonableness seem unnecessary to those United States' interests that lobbied against ratification of the 1979 agreement on east coast fishery resources, which was negotiated and concluded by the parties at the same time as the special agreement.

The 1979 fisheries agreement reflected a long history of co-operation in the fisheries relations of Canada and the United States. Its antecedents can be traced back to the treaty of Paris of 1783. It was explicitly recognized as a fair deal by both parties. If it had come into force, the impact of the boundary issue on competing fishing interests would obviously have been greatly lessened. This approach, however, was rejected by the opponents of the 1979 fisheries agreement in the United States. It was rejected because these opponents considered that the United States could afford a "winner take all" approach, in which the fishing rights of the parties would be settled exclusively by the boundary line to be fixed by the Court. For the United States, of course, no boundary to be fixed by the Court could possibly result in a total loss of access to Georges Bank. As a result, the United States failed to ratify the 1979 fisheries agreement, although it did not fail to hedge its bets in the later expansion of its claim to the "adjusted perpendicular line".

For Canada, however, the 1979 fisheries agreement represented the single most important bilateral issue in its relations with any country at that time. It was in these terms that I described the agreement to the Canadian public and Parliament as Canada's then Secretary of State for External Affairs. And it was only Canada's profound confidence in the international judicial process that finally led my government to accept the disassociation of the fisheries agreement from the special agreement, and to entrust the Court with the determination of the single maritime boundary and thereby with the disposition of the parties' fishing interests.

Georges Bank, Mr. President, is more than the object of the dispute now before the Court. It is also, for both parties, the benchmark, the crucial test of an equitable delimitation in these proceedings. The United States maintains that Canada's claim is inequitable by the very fact that it includes part of Georges Bank and does not leave it all to the United States. Canada, on the other hand, maintains that the United States claim is inequitable not simply because it comprises the whole of Georges Bank but because it denies to Canada that part of the Bank where Canada has undeniable rights and established interests. Allow me, Mr. President, to enquire briefly into these two conflicting notions of equity by which the parties seek to resolve the fate of Georges Bank. Surely the most important feature of an equitable result is that is must be not only equitable in the sense of being "fair" but also equitable within the law. The special agreement highlights this requirement in the present case by requesting the Court to determine the single maritime boundary "in accordance with the principles and rules of international law applicable in the matter as between the parties" (Special Agreement, Article 11, paragraph 1). The Court itself stated the same requirement very clearly in the 1969 North Sea Continental Shelf Case when it noted that a judicial decision must find "its objective justification in

considerations lying not outside but within the rules" (I.C.J. Reports 1969, paragraph 88). While a maritime boundary delimitation must end in equity, it must begin in law. The emphasis on an equitable result cannot be allowed to obscure the requirement that the result be founded in law. In the words of Frederic Wm. Maitland, equity comes "not to destroy the law, but to fulfil it" (Lectures on Equity, 1909).

The marriage of equity and law underlies Canada's claim to the eastern part of Georges Bank. This may be seen from Canada's four main arguments in these proceedings:

— First, Canada maintains that an equidistance boundary for Georges Bank is required by Article 6 of the 1958 Convention on the Continental Shelf, which represents a binding rule of treaty law for both parties. Under Article 6, the equidistance method is the first choice and, as the Court of Arbitration stated in the Anglo-French Continental Shelf Award, it becomes obligatory if no special circumstances render it inequitable (Award, paragraph 70). The Court of Arbitration also made clear that Article 6 represents a particular expression of the general norm that maritime boundaries are to be determined on equitable principles (IBID). The Canadian line established on the basis of equidistance gives appropriate expression to the geographical configuration of the Gulf of Maine areas and to the coastal relationships of the parties.

— Secondly, Canada maintains that an equidistance boundary for Georges Bank is consistent with the distance principle as the legal basis of title to the 200-mile zone. This point is of fundamental importance. From the Court's reasoning with regard to the continental shelf in the 1982 Tunisia-Libya case, it is clear that the principles and rules of international law that may be applied for the delimitation of exclusive economic zones must be derived from the concept of the exclusive economic zone itself, as understood in international law (I.C.J. Reports, paragraph 36). The distance principle figures among the most important elements of this concept, and it provides an essential frame of reference for a truly juridical delimitation of a single maritime boundary.

— Thirdly, Canada maintains that its much greater economic dependence on the fisheries of the disputed area of Georges Bank represents a relevant factor and an equitable consideration to be taken into account by the Court. The legal relevance of this consideration again flows from the very concept of the exclusive economic zone. Unlike the continental shelf, the exclusive economic zone is not *terra incognita* or *terra deserta*. It is, in a sense, inhabited by the fishermen of the coastal state — and especially by the fishermen of southwest Nova Scotia within the disputed area in the present case. Its resources are known and exploited. They support established patterns of fishing that may be of vital importance to adjacent coastal communities. This is certainly true of the fishery resources of Georges Bank in relation to southwest Nova Scotia, far beyond any comparison with the situation in Massachusetts.

— Fourthly, Canada maintains that the history of the dispute provides further support for the Canadian claim. International law seeks to uphold stability and good faith in relations between states. It recognizes too that the best indication of an equitable result in a maritime boundary delimitation may come from the conduct of the parties themselves. And the conduct of the parties, over many years, in fact demonstrates their acceptance of equidistance as the proper basis for an equitable result. An

equidistance boundary for Georges Bank is thus the only boundary that can satisfy these tests of law and equity.

Mr. President, whatever may be the advantages or disadvantages of equidistance, it has never before been described as an *ex aequo et bono* method of delimitation. Yet the United States attempts to present Canada's claim in this light. The reason is clear. The United States seeks to make a virtue of the fact that its own claim incorporates the whole of Georges Bank, extended, of course, to the "adjusted perpendicular line" in an effort to provide it with additional tactical protection on the perimeter. For the United States, the non-division of Georges Bank becomes an equitable principle in its own right, clothed in the theories of the "natural boundary" and "single-state management". The measure of equity becomes the length of Georges Bank, as the length of the Lord Chancellor's foot became the measure of equity when the then separate systems of equity and law drew too far apart in England.

Neither equity nor law provides a basis for such an extraordinary view of equitable principles. The theory of a natural boundary defining and dividing both the continental shelf and the exclusive economic zone does not fit within the legal framework of either concept. The duty to conserve resources and the duty to avoid disputes are duties that apply to all neighbouring states. They limit the exercise of a state's rights. But they have nothing to do with the delimitation of the area in which these rights may be exercised. Otherwise, Mr. President, things would really be too easy for the party claiming the whole pie. That party, in effect, would be given a ready-made recipe for a monopolistic claim.

Mr. President, the United States' claim to the whole of George Bank also relies upon a theory of "complete dominance" over the Gulf of Maine area, constructed on the basis of state activities in no way related to the history of the dispute. The notion of dominance, however, has nothing to do with the legal regime of the continental shelf. It was categorically rejected in the development of the concept of the exclusive economic zone. More important still, it is repugnant to the very idea of equity. "Equality is equity", says the English maxim (Richard Francis, *Maxims of Equity*, 1728), and international law adds only that equality must be reckoned within the same place and must not imply any refashioning of geography (I.C.J. Reports, 1969, paragraph 91).

But, Mr. President, the notion of dominance is implicit even in the United States' view of geography, and the refashioning of geography is precisely what follows from the United States' doctrine of primary and secondary coasts. For the United States gives the coast of Maine a dominant character because it is allegedly a "primary" coast. And the coast of Nova Scotia must yield to this dominance because it is allegedly a "secondary" coast. Despite the most careful reading of the United States' pleadings, we must say that we cannot understand the reasons for this unusual proposition, nor find any legal authority advanced in its support.

The implications of the United States' approach go beyond the future development of international law, Mr. President. They touch upon the very possibility of international order. If it is an equitable principle of maritime boundary delimitation that co-operation in defence of search and rescue activities may prejudice a state's claims of jurisdiction or sovereign rights, then no state will wish to co-operate in these fields unless it is the "dominant" party in the relationship. If it is an equitable

principle of maritime boundary delimitation that the result must exclude any need for co-operation in the management of overlapping fish stocks, then there can be little hope for co-operation in the management of shared natural resources anywhere. And if it is an equitable principle of maritime boundary delimitation that nature or providence draws the lines, then we will have returned to one of the most troublesome doctrines that has ever provoked conflict among states.

All of this, Mr. President, is a step backward, not a step forward — a new form of isolationism, and no form of law. And any kind of isolationism is out of place in the relations of the parties. Canada and the United States share one of the longest, most artificial, and, so to speak, most porous land boundaries in the world. In the words of President Reagan, it is a border not which divides us, but a border which joins us" (address to Joint Session of the Houses of Parliament, Ottawa, 11 March 1981). President Kennedy elaborated on the same theme in the following statement: "Geography has made us neighbours. History has made us friends. Economics has made us partners. And necessity has made us allies." (Address to joint Session of Houses of Parliament, Ottawa, 17 May 1961.)

The present dispute, of course, has also made us litigants for a time. But it is preposterous to suggest that a "buffer zone" is required between Canada and the United States in the Gulf of Maine (United States Memorial, paragraphs 255 and 256). We have done very well without such buffer zones along the 8 891 kilometers of our common land boundary. The extension of a maritime boundary 200 nautical miles into the sea hardly requires their introduction now. A better view of the situation in the Gulf of Maine area has recently been expressed by a fisherman from Gloucester, Massachusetts: "If it were up to the fishermen themselves, we would keep the waters open between the two countries. We get along with the Canadians. Historically we've fished in each others waters and helped each other out. The only war we've had is who could catch the most fish" (Compass Point, National Geographic Society, 28 December 1983).

Mr. President, the boundary proposed by Canada for the Gulf of Maine area is a reasonable and balanced one whose origins date back to 1964. It results from the application of law to geography. Its equitable character is confirmed by non-geographical relevant circumstances that are rooted in legal principles proper to the zones to be delimited. The conduct of the parties themselves attests to these facts. And the tradition of co-operation between the parties is the most solid foundation for the rational management of the variety of resources that will inevitably be divided by any single maritime boundary the Court in its wisdom may establish.

Mr. President, members of the Chamber, I thank you for the courtesy you have shown me in hearing me so patiently today. The agent for Canada will now proceed with his presentation of the Canadian case.



Statements and Speeches

No. 84/6

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- 571

PEACE AND DISARMAMENT FIRST PRIORITY IN CANADIAN FOREIGN POLICY

Notes for a Speech by the Right Honourable Joe Clark, Secretary of State for External Affairs, to the Thirty-ninth Session of the General Assembly of the United Nations, New York, September 25, 1984.

...Eight days ago, the Progressive Conservative government of Canada assumed office. It is appropriate that the first major foreign policy statement outside Canada by our new government should be here at the United Nations. Like all countries, we have urgent problems at home, and we are determined to face them. But the basic reality of Canada is that we are open to the world. Our economy responds to the international economy. Our population comes from, and connects with, all continents and nations. The name of our capital city, Ottawa, is drawn from the Algonquin Indian word "a meeting place", and our history is that of a community where different cultures and contesting interests can meet together. Ever since we have been a sovereign nation, our governments and our people have tried to put our talents to work for the world. We shall continue in that spirit.

Canada was active at the creation of this United Nations, as successive Canadian governments, formed by different parties, have consistently helped this organization to meet its most difficult challenges. I come to this podium in the tradition of Howard Green of Canada, who struggled to achieve a partial test ban treaty, as a first step toward a comprehensive test ban; in the tradition of Lester Pearson, who inspired the concept of peacekeeping; and in the tradition of Paul Martin who helped to end the logjam which prevented the admission of new member states in the UN's early years. Canadians are proud of having contributed to the solution of problems such as these.

In the nearly four decades since the Second World War, the international community has come to count on Canada as a moderating influence in a world beset by extremes. Our new government is in the mainstream of this tradition, and intends to build on it, consistently and pragmatically.

We want to ensure that we are using our influence, and defining our interests, in ways which reflect the contemporary challenges facing Canada and the world. As a new government should, we shall undertake a thorough and public review of Canadian foreign policy, aimed at the creative renewal of a moderate and constructive Canadian role in the world. Citizens of Canada, and friends of Canada, will be encouraged to suggest how the Canadian international tradition can best be applied to the increasing tensions and interdependence of the modern world, including those of the nuclear age.

Mr. President, the frightening facts of the nuclear arms race are well known. The superpowers are developing new kinds of nuclear weapons; more countries are developing nuclear capacities; and the risk rises that terrorist groups could acquire nuclear devices. Physicians and scientists warn that, even for survivors, the world would be virtually uninhabitable after a major nuclear conflict.

But far more threatening than the weaponry are the patterns into which the world has settled. Nuclear arms control negotiations between the superpowers are at a standstill. This stalemate allows other

nuclear states to claim impotence in the arms race, and could encourage states without nuclear weapons to argue that they have a right to acquire them.

If these patterns continue, and the path toward effective nuclear arms control remains blocked, the world will become infinitely more dangerous.

We, therefore, welcome the meeting that will take place in Washington later this week between President Reagan and Foreign Minister Gromyko. We applaud the United States' willingness, expressed so eloquently yesterday by President Reagan, to engage in political consultations on a regular and frequent basis. We hope that the USSR will respond positively to this opportunity to meet and talk.

On these questions, Canada's influence is limited but real. We have no corner on moral authority or technical expertise, but we do enjoy a reputation as a people who are serious about peace and skilled at mediation. Those qualities are critically important in reversing the ominous trends which threaten to unravel arms control. The essential problem today is not moral or technical — neither superpower wants a holocaust; and human ingenuity, which can invent weapons, can devise controls. The problem is political, and this is one of the fora in which we must work together to inch the world away from nuclear devastation.

Some despair that anything constructive can be done in the present state of international tension. They point to the recent lack of progress in virtually every area of arms control. The Canadian view is that something must be done and so it can be done.

The major decisions rest with the superpowers, but the responsibility rests with us all. Multilateral efforts, led and encouraged by the medium and smaller-sized countries, can help improve the atmosphere, and can put specific, workable ideas on the agenda.

Canada, for its part, is determined to continue to play a leading role in the search for peace and disarmament. We believe the nuclear buildup threatens the life of every Canadian, and the existence of human society. Countries like our own must use our influence to reverse that buildup and reduce the danger of destruction. That will be a constant, consistent, dominant priority of Canadian foreign policy.

My country is not neutral in the contest between open and closed societies. We defend, and actively assert, the values of democracy and individual freedom. We believe it is essential to pursue the goals of peace and freedom simultaneously.

We shall seek, through concrete and realistic steps, progress toward a comprehensive test ban treaty. We shall encourage superpower and multilateral discussion on all outer space weapons, and shall commission further studies on how a space weapons ban might be verified. We shall work for the success of next year's Non-Proliferation Treaty Review Conference, in order to prevent the horizontal proliferation of nuclear weapons. We shall bring to bear our technical expertise in verification measures to ensure mutual confidence and security in areas where arms control agreements can be achieved. We

shall encourage agreement on a mutual and balanced reduction of conventional forces in Europe, and hence reduce the danger of escalation to nuclear war. We shall continue to press for a verifiable convention prohibiting the development, production, stockpiling and use of chemical weapons. Canada will continue its financial support of the world disarmament campaign. We shall, in addition, expect that the newly-created Canadian Institute for International Peace and Security will contribute its share of studies and advice on specific arms control proposals and measures to reduce international tension.

Mr. President, since we are new in office, I speak today in more general terms than on future occasions. The Prime Minister, the Right Honourable Brian Mulroney, said that our new government "will play a more active role in the United Nations and its agencies".

Our government is committed strongly to the United Nations. We value our individual relations with other countries, and our role in associations of countries like the Commonwealth and La Francophonie. They are important, but not enough. Smaller and middle powers, in particular, need effective global institutions to make each of our voices heard in the world, and to help us to respond together to the enormous political and economic problems of our century. A dynamic United Nations system is essential for countries like Canada — and equally for the superpowers. Precisely because more communities are looking inward more often, we must strengthen global institutions which bring us together.

In his three consecutive annual reports, Secretary-General Pérez de Cuellar has tried to force us to face up to our responsibilities as member states. Most recently he asks: "Why has there been a retreat from internationalism and multilateralism at a time when actual developments both in relation to world peace and to the world economy would seem to demand their strengthening?"

When are we going to start to answer his uncomfortable questions? One hopes that it will not take a major disaster to jolt us out of our inertia.

The present moment, the eve of the fortieth anniversary of the United Nations, is a fitting one for each member state to examine its commitment to the UN Charter. This anniversary must mark a renewal for the future, not just a celebration of the past.

A simple re-commitment to the Charter is not enough. Member states must actively work together to strengthen the UN system. The Secretary-General has expressed the hope that, in all our countries, our best thinkers will turn their talents to this task. Let us seize this challenge and give it focus.

An unprecedented conference of 35 leading Canadians, sponsored by the United Nations Association in Canada, will take place October 26 in Ottawa to launch a review of ways to strengthen the UN. Our prime minister and government believe that Canadian parliamentarians should also consider this question and present formal recommendations.

How can we translate the results of this soul-searching, in each of our countries, into collective action to strengthen the UN system in practical ways?

We should consider at this session, as a priority issue, how we, the "friends of the UN", can identify and put into place practical measures to strengthen the UN system.

Any analysis of what is needed to strengthen the UN system must be based upon a realistic assessment of what has gone wrong and what has gone right.

A first thing that has gone wrong is that the Security Council has become increasingly ineffective. We all recognize that the Council does not operate in a vacuum. It will continue to mirror world tensions. But deteriorating relationships between its permanent members must not be allowed to immobilize the Council. We must immunize the Council to the extent that no matter what the crisis and whatever the state of relations among its members, their representatives will continue to talk .

Last year, the members of the Council held a series of private meetings to discuss how to improve the effectiveness of the Council. But the exercise appears to have run out of steam. Even ideas which appear uncontroversial on the surface seem to have been ignored. Why, for example, can the members of the Council not agree to hold regular *in camera* sessions, with the Secretary-General present, to review the Council's and Secretary-General's role in facilitating the solution of current, incipient or potential disputes? A reluctance to talk is no excuse. The Council, at least behind-the-scenes, must function as a multilateral hot-line.

Mr. President, a second failing is that we have not lived up to our own responsibilities as member states of the UN. We have expected the Secretary-General to fill the vacuum, without giving him adequate political support to do the job. We must allow the Secretary-General a greater margin of initiative and independence of action. He has been able on his own to take action in some areas of UN activity. He has, for example, made a promising start in improving the management of the UN's limited financial and human resources; he has used a period of budgetary restraint to begin to weed out low-priority activities. The Secretary-General has also been exerting a positive influence on many intractable international problems. But we must provide him with more political backing. He should be allowed and encouraged to increase his "fact-finding" capacity and his ability to exercise his "good office" in particular situations.

A third thing that has gone wrong is that too much valuable time and resources are being wasted throughout the UN system on extraneous political issues. We all accept the fact that the Security Council and General Assembly are political fora. But, even here, we should avoid the repetition of sterile political debates, the proliferation of resolutions on the same topic, and the scheduling of redundant conferences and meetings.

We must also resist the "over-politicization" that is increasingly infecting the technical parts of the UN system, which are neither mandated nor equipped to handle such issues. It is naive to expect that a certain number of heated political issues will not be raised. It becomes debilitating, however, when political issues begin to frustrate the normal give-and-take between groups in working out consensus on the essential activities of UN organizations. The United Nations Educational, Scientific and Cultural

Organization (UNESCO), for example, has been a serious offender in recent years. We must step up the momentum to bring UNESCO back into balance.

We must not permit challenges to the universality of membership to undermine the continued visibility of the system. Israel, for example, must retain its right of membership in the UN family of organizations. The Republic of Korea deserves full membership in the UN.

We must not, of course, allow any analysis of the things that have gone wrong to obscure the many things that have gone right within the UN system. We often take for granted the many parts of the systems which are continuing to function well. I shall cite only a few examples.

First, most of the UN Specialized Agencies are continuing to carry out their mandates with distinction and dedication. The International Civil Aviation Organization, as a case in point, was able last spring to approve unanimously an amendment to its constitution making even clearer the existing prohibition against using force against civil aircraft.

Second, in human rights, the distance still to go, and the double standards still at play, cannot obscure the step-by-step progress which has been made. All those who cherish human rights have been heartened by the election of a government of Argentina committed to the restoration of human rights.

Canada hopes that at this session the next important international milestone in human rights will be passed — adoption of a convention against torture and other cruel, inhumane or degrading treatment. We must send a message to the world that torture is unacceptable to civilized nations.

Third, the UN's development activities and humanitarian assistance continue to be irreplaceable. In 1984, the United Nations Development Program will generate about \$1 billion in technical assistance to developing countries using the parts of the UN system as executing agencies. The United Nations Children's Fund (UNICEF) makes a vital contribution to meeting the development and humanitarian needs of mothers and children. The UN High Commissioner for Refugees and UN Relief and Works Agency for Palestine Refugees in the Near East, co-ordinate essential humanitarian assistance to refugees.

Fourth, the UN system is also helping to focus upon the most persistent social issues facing society. The UN's designation of 1985 as International Youth Year has encouraged many countries such as Canada to develop a comprehensive national program in this field. The second International Conference on Population, held this past summer in Mexico City, has strengthened the momentum generated on population issued over the past decade and identified emerging problems of global concern. The World Conference on Women, to be held in Nairobi next July, will provide an opportunity to develop forward-looking strategies to stimulate positive changes in the lives of women.

Fifth, under the auspices of the UN system, positive and often innovative legal regimes have been established in such critical fields as law of the sea, trade, outer space, civil aviation, telecommunications and the environment. The progressive extension of the rule of law is fundamental to the whole multi-lateral system.

Mr. President, the record is much less positive in the area of peace and security. We can do more to make creative use of the machinery under the existing Charter to facilitate the peaceful settlement of specific disputes.

My government wants the independence, sovereignty, and genuine non-alignment of Afghanistan restored, and foreign forces withdrawn from that battered country. We support the continued efforts of the Secretary-General and his special representative to accomplish this.

We support the Association of Southeast Asian Nations (ASEAN) in their efforts to bring peace to the unfortunate country of Kampuchea, which continues to be occupied unlawfully.

Canada regrets the extension to Central America of East-West confrontation and the related militarization of the area. We applaud the initiative, skill and tenacity of Venezuela, Colombia, Mexico and Panama (the Contadora countries) in their efforts to build a framework of reconciliation in the spirit of the UN Charter. We also welcome the opening of a direct dialogue between the USA and Nicaragua.

We need a negotiated settlement to end the suffering and destruction of the war between Iran and Iraq. We support the Secretary-General in building upon his recent success in obtaining the agreement of the belligerents to cease attacks on civilian population centres. His sending of a team to investigate allegations of the use of chemical weapons was also a useful action.

Canada hopes that the Lebanese government's current efforts to restore peace and stability in that tragic country will be rewarded. We support Lebanon's territorial integrity and maintain that all foreign troops should withdraw unless present at the request of the Lebanese government. Canadians were appalled by the recent act of terrorism in which so many people were killed and wounded at the US embassy in Beirut.

We strongly support a just and comprehensive solution to the Arab-Israeli dispute based on Security Council Resolution 242, which provides for the right of all states, including Israel, to live within secure and recognized boundaries. We also support the realization of the legitimate rights of the Palestinians, including their right to a homeland within a clearly-defined territory, the West Bank and Gaza Strip.

We should remind ourselves that UN peacekeeping forces and observer missions continue to be essential in a number of troubled areas of the world. All member states have a responsibility to contribute to the support of these operations. In particular, we ask member states to respond positively to the appeal by the Secretary-General for additional voluntary contributions for the UN Peacekeeping Force in Cyprus. While peacekeeping forces can help to reduce the risk of open conflict, lasting peace can be achieved only through reasonable political compromise. In this spirit, we applaud the constructive participation of the leaders of the two Cypriot communities in the proximity talks held during the past two weeks under the auspices of the Secretary-General. We welcome the announced renewal of the exchanges next week, and urge the parties to seize this opportunity for progress toward a just and lasting settlement.

Mr. President, we are all painfully aware that political and economic forces now at play in the global environment are inter-related. What is the record of the multilateral system on the economic front?

The debt crisis has severely afflicted many developing countries. The effects of severe indebtedness on the economic prospects of so many developing countries, on the well-being of their peoples, and on the health of the international financial system as a whole, must remain a major pre-occupation of the international community. Continued efforts will be required by the industrialized countries to ensure that the recovery strengthens and persists and spreads to all countries, developed and developing alike.

Canada will support expanding multilateral efforts to stabilize the debt situation, in line with the decision of major industrial countries, at the London Economic Summit, to confirm their strategy on debt and to implement and develop it flexibly case-by-case. The Commonwealth, too, has been doing important work in this area. My colleague, the Minister of Finance, was invited by Commonwealth finance ministers, in Toronto last week, to recommend to this week's annual meeting of the Bank and Fund that issues, of special importance to developing countries, including debt, be placed on the agenda at the next meeting of the Development Committee. I am encouraged by the agreement of the Interim and Development Committees, in Washington over the weekend, to devote special attention at their meetings next spring, to such matters as debt, adjustment and financial flows in the medium-term perspective.

The courageous adjustment efforts of many developing countries must be continued, but it is also important that adequate financing be provided by the international community. In this respect, the important role that could be played by private investment should not be overlooked. I hope that greater multilateral attention will be given to the medium-term prospects for financial flows to developing countries.

As a country heavily dependent on foreign trade and foreign investment, my government is pledged to maintain close co-operation with its economic partners and to uphold the principles of the open and just multilateral system under which all countries, developed and developing, can prosper. Effective multilateral institutions are essential to prevent parochial responses to economic problems that require common action.

National and international action will be needed to stem protectionist tendencies which are still strong and could threaten trade prospects. The major Western industrialized countries re-dedicated themselves at the London Summit to resist protectionist pressures and to accelerate the General Agreement on Tariffs and Trade (GATT) work program. Our collective ability to fulfil these pledges, and to move toward a new round of multilateral trade negotiations, will be critical in halting the erosion of the open trading system and ensuring that trade will continue to be one of the motors of growth in the world economy. Developing countries, as well, must play their full role in this process.

Meanwhile, there are the urgent questions of human suffering that must be addressed. Our new government intends to maintain Canada's commitment to reaching .7 per cent of the gross national product by 1990 in official development assistance. Despite serious economic problems at home, we shall not turn our backs on the world's disadvantaged peoples. A greater share of our aid budget will be

spent by non-governmental organizations, which have proven their effectiveness in community development programs.

The record of the international community on economic issues is one of achievement, although far from perfect. We must ensure that the specialized institutions that we have created will prove capable of coping with current and future challenges. There is growing support for a pragmatic, issue-oriented approach. Organizations such as the International Monetary Fund/World Bank, GATT, UN Conference on Trade and Development, and others which have specific mandates within the multilateral system, are being encouraged to get on with their jobs with a renewed sense of commitment and co-operation.

As the Secretary-General has emphasized, nowhere is human need greater today than in Africa, where many countries face drought and starvation. The problem of refugees remains of special concern there. So do the debt and balance-of-payments problems that affect African countries. This year Canada is devoting over 40 per cent of bilateral aid to Africa. We have sharply increased our food allocations and raised our contributions to humanitarian relief organizations.

The struggle for freedom and equality in southern Africa is also our common cause. Canada joined with other Commonwealth countries in adopting the 1979 Lusaka Declaration on Racism and Racial Prejudice. We stand by that declaration which reflects our commitment to work for the eradication of the evil of racism. We reject policies designed to perpetuate *apartheid* and continue racial discrimination.

We are also grieved that the people of Namibia are still denied their independence after a century of colonial rule. South Africa must set a date to implement Namibia's independence under Security Council Resolution 435.

Mr. President, I speak here today as a foreign minister conscious of the frustrations of this organization and the limits on its actions. But I first encountered the United Nations as an idea, not an institution — an idea which reached into the comfortable corner of the world where I was born, let me know that famine and war and disease were part of daily life in most of the world, and gave me hope that there was a way we would fight those evils. Viewed from that perspective, the United Nations can be judged, not by volumes of repetitive debates, but by the millions of children who are fed and clothed and living; the wars that were averted or limited or postponed; the hundreds of millions of human lives that have been protected or improved because the idea of the United Nations connects people who can help people who need help.

The idea of the United Nations is as important now as at any time in our history. It forces the comfortable out of complacency. It lifts the desperate beyond despair. It allows today's frustrations to be seen in the light of four decades of lives improved, conflicts reduced, perspectives enlarged.

Mr. President, support for the UN must be based upon a clear-sighted view of current realities. When we list the things that have gone wrong with the UN, we should not forget the things that have gone right. When we rejoice in the things that have gone right we often underestimate the political and

economic problems ahead. We must avoid the trap of blaming the United Nations for our sins and omissions. If we collectively are unable to revitalize the UN system, we shall have to resign ourselves to watching it wither away. That must not happen.

1985, our fortieth anniversary year, can be a turning point in the life of the United Nations. A broad coalition of "friends" of the UN must join forces to renew the effectiveness of global institutions. My government will do its utmost, working with other member states and the Secretary-General, to make these institutions flourish. This is the fortieth birthday present our peoples deserve. Let us prove that life begins at 40.

Last week in Canada. His Holiness Pope John Paul II called for "a new vision of humanity" to inspire nations and individuals in the pursuit of peace and well-being for all. He asked Canadians to do more. Let us all do more.



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Statements and Speeches

No. 84/7

STRATEGY TO SOLVE PROBLEMS OF ECONOMIC MALAISE

Notes for an Address by the Honourable James Kelleher, Minister for International Trade, to the Fifty-fifth Annual Meeting of the Canadian Chamber of Commerce, Toronto, September 25, 1984.

...As you know, I am one of the new faces in the new Progressive Conservative government. It is, therefore, not my intention to break new ground in my capacity as Minister for International Trade. These are early days, and I plan to approach the many complex trade issues facing the country in an orderly and prudent fashion. We will be seeking your ideas. We will listen. And we will act.

Instead, I thought it would be useful to reiterate the economic strategy outlined by the Prime Minister to the Vancouver Board of Trade in late August — a speech which contained many important ideas but which received limited exposure in other regions of the country.

As the Prime Minister stated that day, the strategy of the Progressive Conservative government will be based on our belief that Canadians must address five fundamental problems which lie at the core of our economic malaise:

- (1) the high cost of credit, caused by the weakness of our dollar and our need to finance our growing foreign debt;
- (2) the financial weakness of our private sector. Too many Canadian businesses — both large and small — continue to struggle with too much high cost debt and not enough low cost equity;
- (3) our spiralling public debt, which will have grown from \$18 billion in 1968 to \$180 billion at the end of the current fiscal year;
- (4) our weak competitive position in the world, caused in great part by our dismal record in research and development and technological innovation; and
- (5) weak foreign and domestic demand for our goods and services.

We believe those are the five fundamental problems which have combined to cause economic stagnation and massive unemployment.

So how do we go about solving them? Let me outline the approach of the new government.

First, lower interest rates. There is no use deluding ourselves that Canada can have made-in-Canada interest rates overnight, unless we want to change from an open and mixed to a closed and fixed economy. And that would mean a huge drop in our standard of living.

Given this fact of life, it is our view that the prudent response to our current interest rate dilemma — in the short run — is to keep our interest rates as low as possible without causing a run on the dollar, and to offset the high cost of credit in key sectors of the economy by lowering other production costs.

In the medium term, we believe Canada can lower interest rates if we implement trade, investment and tax policies which combine to put upward pressure on our dollar.

A strong and more broadly based merchandise trade performance is essential. But it is also essential that we encourage an inflow of direct investment capital to lessen our dependence on foreign debt. It is for this reason that we committed ourselves to two major policy changes which will start the process of restoring our international reputation as a first-class place to invest.

First, we intend to end the retroactivity and excessive discrimination in the National Energy Program.

Second, we will change both the mandate and the name of the Foreign Investment Review Agency.

The new agency — Investment Canada — will continue to review major investment proposals of national economic significance. But it will also take on a more positive role — to facilitate job-creating investment, and to work with a revived and expanded Trade Commissioner Service to identify new ideas, new technologies and new export and investment opportunities for Canada.

These policy initiatives reflect our belief that the real solution to our weak dollar/high interest rate dilemma is for Canadians to become first class world traders and for Canada to once again become a first class place to invest.

Next, the recapitalization of Canadian industry. It is in this context that the size of the federal deficit becomes a matter of major concern.

We simply cannot finance both massive public sector deficits and the recapitalization of the Canadian private sector. Clearly, there can be no drastic reduction in the deficit until interest rates are lower and the country gets back to work. Massive cuts now would guarantee a recession. However, we believe there are steps which can and should be taken regardless of the level of the deficit.

First, we will have to lower the overhead costs of government caused by excessive duplication, waste and mismanagement. To begin this process, the Prime Minister has already created a task force of senior ministers, to be chaired by the Deputy Prime Minister.

The second area of savings comes in government programs themselves. We must improve the budgetary process so it challenges the effectiveness of on-going programs. "Sunset laws", program evaluation — these and other techniques must be employed to end program duplication and overlap.

In the energy sector, we plan to move to a tax-based incentives system and away from petroleum incentive program grants. Off-oil [oil substitution] programs will also be brought together in one fund.

In the economic development area, we want to see who is paying the \$8 billion in corporate taxes, and who is receiving the \$8 billion in government expenditures. Our goal is to move away from a politicized grant structure to greater reliance on the tax system.

We will also be examining the effectiveness of certain capital works expenditures....

Finally, we will be examining tax laws regarding transfer-pricing and other forms of corporate tax avoidance. Some critics say the treasury is losing millions. It's time to find out the facts.

In the social program area, we are not only committed to the maintenance of current income security programs, it is our goal to improve them — to make sure there are no holes in the safety net and that it is raised off the ground for all Canadians.

In health care, we will negotiate with the provinces to invest more of our health dollars in areas which will create long-term saving: areas such as: preventive medicine; community-based care; and medical research, particularly related to the problem of an aging population. We believe one of the keys to long-term deficit reduction lies in "spending smarter" our health care dollar.

We plan to reform the personal income tax system to make it more fair, more progressive and more productive. We are committed to the goal of fair taxation. And we will implement the best means to achieve that goal.

But let us be frank. No amount of prudent management or tax reform will cut the deficit down to size. That will only occur when interest rates fall, when economic growth resumes and when Canadians are put back to work. That is the fundamental goal of the new Progressive Conservative administration. And once we get the economy growing and the deficit shrinking, we can begin to strengthen the capital base of our private sector, through incentives which encourage investment in Canadian companies and worker equity participation. And we can also move to create the pool of venture capital needed to finance Canadian small business — the real source of jobs in this fast-paced world.

Next, improving our international competitiveness. The new Progressive Conservative administration will concentrate on two parallel initiatives to improve our competitive position in the world.

First, we must participate in the restructuring of our primary sectors, particularly the fisheries, forestry and mining sectors, and we must lower their production costs, wherever possible.

Second, we must increase our efforts in technology and training — the development of our human resources.

Our technology and training policies will be based on five assumptions:

- (1) It is clear that lower interest rates, a stronger capital base, and market access are essential prerequisites to increased research and development (R&D) expenditure by the private sector.

Nobody is going to invest in R&D if they can't afford it, or if there is no market for the improved product.

- (2) The small size of our country means we must not only encourage the production of Canadian technology, but the adaptation of foreign-sourced technology. We must then encourage the diffusion of this technology and know-how across the country — on the farm, in the factory and in the office.
- (3) We believe the essence of the so-called "information revolution" is the application of new technology in existing industries — in manufacturing, textiles, agriculture, mining, forestry and so on. Producing new technology is important. But even more important is using it to our advantage.
- (4) We believe tax reform is also necessary to redirect investment to this vital job-creating activity. Tax changes will reflect our belief that incentives should replace grants, that the definition of "development" should be broadened and that tax laws must better reflect the idea that research and development is an integral part of the production process, not a separate activity.
- (5) Hand-in-hand with policies to encourage the production, application and diffusion of new technologies must be policies to train Canadians in their use. And we believe the recommendations of our two caucus task forces on retraining and youth unemployment are an excellent start. They are innovative, forward looking and cost-effective. They will train people to fill the new jobs being spawned by complex and changing technologies and trade patterns.

Finally, the question of stimulating demand. In our view, a sustained economic recovery in Canada requires increased domestic business investment and increased foreign trade. We have identified five priority areas for increased capital investment:

- the energy industry — both in the West and offshore;
- the national rail transportation system, particularly in the West;
- the application of technology throughout the economy;
- local and municipal infrastructure development and maintenance; and
- capital equipment upgrading for our armed forces.

To increase foreign demand, it is critical that we negotiate increased and secured access to foreign markets for our goods and services, through multilateral and bilateral negotiations.

To that end, the new Progressive Conservative government will continue to be a strong proponent of the multilateral trading order. We will strive to develop the international consensus necessary to begin a new round of General Agreement on Tariffs and Trade negotiations in such areas as safeguard arrangements, procurement, agricultural trade and trade in high technology.

The creation of an international framework for trade in various services will also be high on the agenda of the new government, and I welcome your views on how best to proceed in these complex sectors.

At the same time, we believe there may be opportunities to set bilateral precedents which will spur multilateral action.

We will continue the dialogue with American officials to explore potential areas for action which are consistent with our multilateral obligations. Our goal is not to create a fortress in North America. Rather it is to act as a catalyst for co-operative multilateral action.

So, how can one summarize our strategy? What can Canadians expect from the new P.C. government? Simply put, our plan for jobs and growth is:

- to lower interest rates by strengthening the dollar, through trade expansion and an inflow of equity capital;
- to reduce the deficit in an orderly fashion through a balanced program of strategic investment, economic growth, tax reform and prudent fiscal management;
- as the deficit declines, to redirect those savings into the capital base of the private sector, particularly the small business sector;
- to improve our international competitiveness through the restructuring of our primary industries, innovative technology and training strategies and secured access to foreign markets; and
- to create a climate for increased capital investment in our economy, particularly in energy, transportation, applied technology, basic infrastructure and shipbuilding.

And we are confident that by spending smarter — by investing in more productive purposes, by increasing the competitiveness of key export industries, and by prudent management of government finances, we can nurture the growth which will start the deficit on a downward course.....



Statements and Speeches

No. 84/8

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TOWARDS STRONGER TIES WITH AFRICA

Notes for an Address by the Honourable Monique Vézina, Minister for External Relations, to the Tenth General Assembly of the Dakar Club, Montreal, October 1, 1984.

I would like first to convey a warm and sincere welcome, on behalf of the government of Canada, to all the men and women who have come here from abroad, particularly those who are visiting our country for the first time. We are proud that the Dakar Club has chosen to meet in Canada, and we are particularly honoured to welcome to Montreal such eminent persons, many of them ministers, who are contributing their knowledge, expertise and prestige to the cause of development. It is a rare privilege for me, so soon after taking up my position, to speak to such a distinguished group.

The theme of your meetings, the development of agriculture and agribusiness on the African continent, is particularly timely because in our view it is at the heart of what we commonly call the "African economic crisis", a crisis on which the United Nations General Assembly will be deliberating during its current session.

I do not have to tell you the causes of that crisis. Besides the climatic catastrophes, there are the agricultural problems, indebtedness, unemployment, protectionism, some errors in orientation, and instability of prices for energy and basic products. You face those challenges every day, with the risk of losing in a few years the ground that has taken the last several decades to gain.

However, the economic aspect of this crisis does not affect only the developing countries, particularly the African continent. The industrialized countries have also been hard hit by it, and its effect is still being strongly felt today in our economies. Behind this recession, whose effects will be felt for a number of years yet, a profound transformation in the structure of the world economy is taking place. Old structures are crumbling, and we cannot yet tell what form will be taken by those structures that are to replace them. However, one thing is certain: besides the structural changes, there has been a change in our outlook — we have given up our utopian hope for continuous and unlimited material development.

To echo Paul Valéry, not only have we had to re-learn that civilizations are mortal, we are realizing once again that they are fallible, and that the path of progress is a zig-zag one, which does not always follow an upward curve.

I have become Minister for External Relations at a time when Canada is slowly recovering from this crisis, the most difficult one it has experienced in half a century. The challenge facing our government is a formidable one, not only for our domestic policy, but also for our foreign policy: besides resolving problems inherited from the past, we must seek new solutions to new problems.

Thus, as you might expect, I personally attach considerable importance to the question of the role of women in development. I am certain that the progress made in Canada can also be made in Africa. The question facing us is how to achieve that goal while respecting cultural and religious contexts that are different from those obtaining in the West, and without in the process denying the traditional importance of the role played by women, for example, in the commercial life of most African countries. For that purpose the Canadian International Development Agency (CIDA) has set up a special branch to ensure that each of the Agency's programs will take into account the role of women in development, and I want to make certain that this concern will also prevail in our involvement in Africa.

Canada's presence in Africa is based on a number of principles that are useful to recall here.

- The first is to project our national identity abroad. This principle is applied through the ties we have made with the French-speaking nations and the Commonwealth countries.
- Furthermore, it has always been very important to Canadians that they express internationally the concept of social justice that motivates them within their country through a development assistance program designed to achieve a more equitable sharing of the world's wealth. The amounts Canadians contribute voluntarily to organizations involved in development bear eloquent testimony to this desire.
- Canada's economic health depends to a large extent on its exports. Our country's economy has been built through the vitality of its entrepreneurs and of its people, and Canada knows that a similar vitality exists in Africa. We intend to work to increase our economic relations with the African continent, knowing also that private investments and trading exchanges have just as much development potential as co-operation projects of the classical type.
- Finally, Canada intends to help maintain peace and security by contributing to the solution of certain questions either through direct participation, as in the discussions to settle the Namibian crisis, or through the United Nations (UN), for example by taking part in the peacekeeping forces sent a few years ago to the country that is now Zaïre.

As the African countries gained their independence, Canada extended its network of embassies and high commissioner's offices. We now have these establishments in about 20 countries, where they are working to build close relations with each of the countries on the continent in accordance with the major objectives I have just outlined. Since those states have urgent needs in the area of their economic and social development, Canada's action was naturally concentrated first in that area, and we allocated to Africa approximately 40 per cent of our budget for bilateral co-operation, or about \$300 million a year. This sector is important; it is probably for each of you the most visible element in our day-to-day relations.

However, it should not be forgotten that this bilateral co-operation represents only 43 per cent of the budget Canada allocates to development assistance each year. Thus on the average, depending on the year, more than 40 per cent of our food aid and emergency assistance is also sent to Africa. The victims

of the landslide in Morocco, the victims of famine in Uganda and Ethiopia, and the refugees in Zaire or Somalia are examples of people who have received such assistance from us.

Moreover, nearly half of CIDA's budget is allocated to multilateral assistance through UN agencies, bodies like the International Monetary Fund or various regional banks, not counting the various programs for French-speaking and Commonwealth countries. Africa also receives a large part of the money Canada pays directly to such international organizations as the International Monetary Fund and various regional banks. To those must be added the large number of non-governmental organizations that receive a major part of the funds for their projects directly from the Canadian government, not to mention those that conduct research on development questions. The International Development Research Centre works to adapt science and technology to the needs of the developing countries. Among the thousands of projects it has financed since it was founded in 1971, a large proportion has been connected with the agriculture and food sectors.

Given this range of tools and activities, and in the light of Canada's economic situation, I will not conceal from you the fact that the present government of Canada plans to review all its activities to see whether they can be made more effective.

It is with those facts in mind that I have taken up my mandate as Minister for External Relations. I assure you that it is my firm intention to do everything possible to further strengthen the ties between Canada and Africa. I and my Cabinet colleagues intend to make certain that the resources we deploy for that purpose will reflect the desires of our respective peoples and also be the most appropriate means of achieving those objectives. I am undertaking my duties without any preconceived notions; I am certain that in the coming months I will have the opportunity to review both the design and the choice of the main tools of our foreign policy respecting Africa.

To that end, there are a number of premises we are already aware of that are unlikely to change in the short or medium terms.

By that I mean, for example, the fact that the Canadian people as a whole have always been, and continue to be, favourably inclined towards development assistance programs, while wanting to be certain that the assistance is truly going to those who need it and that the projects are cost-beneficial in terms of development, in the social sense of the term.

Secondly, bilateral relations always develop according to a certain cultural affinity. Our attraction for Africa is certainly based in part on the fact that we share a common trait: the same "mother countries". Our membership in the Commonwealth has certainly taught us to understand English-speaking Africa better; the French language and culture have brought us closer to Francophone Africa, and have led us to play an important role in the Agency for Cultural and Technical Co-operation. In addition, we feel that it is in our own interest to project Canada's bicultural character abroad.

Thirdly, along with bilateral relations, Canadians attach considerable importance to the multilateral institutions. The Secretary of State for External Affairs, Mr Clark, stated that fact again when speaking

to the UN; he suggested a number of ways to make that world organization more effective. Besides the UN, the Commonwealth and the French-speaking countries I have just been talking about contribute in many ways to the strengthening and diversification of our relations with Africa. I will not take the time to list all the multilateral institutions in which we are active members, but it is a fact that Canada could not have developed without them.

Fourthly, Canada is facing a number of constraints that it must take into account to be realistic in its action. There are budget constraints, to begin with; these oblige us to concentrate our efforts both in terms of the number of countries where we can claim to be working effectively and in terms of the fields in which this activity is being carried on, which are those in which we have acquired abilities that are acknowledged world-wide. Unlike other countries that are more populous or have gained a greater understanding of the Third World countries over the centuries, Canada does not yet have enough managers with the experience needed to direct projects implemented in geographical, cultural and economic contexts different from our own. That is why we want to give increasing importance to non-governmental organizations, some of which have staff members who have had the experience of spending large parts of their lives in Africa, Asia or Latin America.

Fifthly, in the last few years Canadian business people have shown a growing interest in doing business on the African continent. Of course the figures are still modest, but the trend is significant. Consider, for example, that over the five-year period from 1978 to 1982 the volume of both our exports and our imports has tripled, and that Algeria, for instance, is now one of our major trading partners on a world scale. We are hoping that this new trend will grow in the coming years.

Finally, regional peace and stability are essential conditions for economic and trade development. When requested, Canada will continue to assist in solving the great conflicts that arise on the continent. Similarly, the Canadian people attach considerable importance to the question of human rights, the fate of the refugees and the dignity of the person; Canadian foreign policy will necessarily be inspired by those values, whatever the location or the circumstances.

As I said earlier, I am assuming my responsibilities, and in a sense the study of relations between Africa and Canada, with an open mind. However, on the basis of the facts I have just listed, a certain outline is already evident. I can assure you that development problems will always be among our government's top priorities. My colleague Mr Wilson confirmed at the recent Commonwealth Finance Ministers' Conference in Toronto that Canada is maintaining its objective to allocate 0.7 per cent of its gross national product to development programs until 1990. However, changes may prove necessary in the means our government employs to make the tools available to us more effective.

In the coming months, I intend to visit some countries to see at firsthand the effects of this economic crisis that is particularly affecting the African countries and to discuss with some governments how Canada could play a more effective role in this area, and in all areas involved in close international relations. I will find out about the work and conclusions of groups like this one, and I will not hesitate to discuss frankly what share and what responsibility each bears in building a better world. You may rest assured that in this endeavour I will devote all my energy to improving all our programs in the mutual interest of Africa and Canada....



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PULLING TOGETHER FOR A BETTER FUTURE

Notes for an Address by the Right Honourable Joe Clark, Secretary of State for External Affairs, to the "Competitive Edge" Seminar, Toronto, October 1, 1984.

This is my first speech in Canada as Secretary of State for External Affairs. And I am here to talk about trade. Because we believe that trade must have a much higher priority in the external policy of Canada. That is one of the major changes we were elected to achieve on September 4, and I am here to ask your help in building both new markets and new attitudes in trade....

I want the Department of External Affairs to be known as a selling department, as well as a policy department, and a source of skilled diplomacy....

At the same time, I want all of us to recognize how much the world has changed, and is changing. Trade is no longer just a commercial activity. It is very much a political and diplomatic activity.

Thus, as you know, international trade is part of the External Affairs Department and I will be working closely with my colleague, Jim Kelleher, the Minister for International Trade, to ensure that the trade service and the diplomatic service work closely together.

I spent part of last week at the United Nations, in private meetings with foreign ministers of other countries. Our conversations were preliminary because our government is new, but in virtually every meeting — including with the Soviet Union — the question of trade arose. I want to ensure that, once we have set our goals, Canada's political and diplomatic skills are applied to selling our products as vigorously as the resources of other countries are applied to selling theirs.

That has to happen for two reasons — first, because trade is more important to Canada than ever; and second, because the competition is tougher. We have always called ourselves a trading nation. But in the 1960s, years of great trade optimism in this country, exports accounted for about one-sixth of our total economic activity. Today, exports account for twice as much. Fully one-third of our gross national product is generated directly by trade. Trade matters more than ever now.

But with this vast increase in trade and investment has come interdependence. And with interdependence, vulnerability — both of individual national economies, and of the entire economic system.

World trade will not soon again grow as fast as it did in the previous two decades — not so long as recovery runs at different speeds in the industrialized countries, and the developing nations remain heavily in debt. But all countries need trade and want investment. The industrialized nations need it to help their structural adjustment and create new jobs. The developing countries need it to service their debt through growth. The competition for markets will be more intense — more cut-throat — than anything we have seen so far.

International economic stability sometimes seems too precarious for comfort. Overhanging the trading system are the possibilities of sudden and substantial shifts in exchange rates or interest rates, and of further protectionist disruptions. Overhanging the international payments system are the prospects of bankruptcies on a national scale, and inadequate lending.

This is a delicately balanced situation. And in the hand that is being played out internationally, there is a dangerous joker — protectionism — the wild card which can threaten growth and recovery everywhere.

Governments of all the industrialized countries have come under strong protectionist pressures as a result of the last recession. Almost all have found it necessary, for one reason or another, to provide some protection requested. And it is not the old kind of protection of the tariff, which was at least visible and predictable in its effects.

The new protectionism is much less transparent, more insidious and very much more difficult for the exporter to deal with on his own. It is applied through a variety of non-tariff measures at the border, such as so-called voluntary export restraints, orderly-marketing arrangements and changes in technical standards. And then, often lying behind these barriers, are industrial and structural measures, of taxation, subsidization, regulation and purchasing practices, which have been brought in for some domestic policy reason, but nonetheless have a protectionist effect. All of this amounts to a serious erosion of the open multilateral trading system so carefully built up over the past 40 years — an erosion of the system you exporters need to keep your markets open.

At the Economic Summits of Williamsburg and London, governments of the major industrialized countries called for the reversal of this trend. But the response has been slow to materialize. It is now thought that as much as 44 per cent of total Organization for Economic Trade and Development trade, including agriculture, is subject to some form of non-tariff restriction, and as much as 20 per cent of trade in manufactures. Under the accumulation of this kind of pressure, it becomes quite plausible to ask whether the open trade system is really open any more.

And with all this, there is a world-scale revolution going on — the technological revolution. As with most revolutions, you either run with it or you are run over by it.

That is the real world we have to live in. We have a choice between trying to escape it, and trying to control it. This government intends Canada to take control of events which affect us. We have to work out together — with the provinces, business and labour — how we are going to respond to that challenge, but I think there is no doubt that Canadians want to respond.

Four principles should guide our strategy.

First, we must resist protectionism and keep trade open. Canada must play a full role in the international efforts to manage the international economy effectively, and work closely with like-minded trading partners, especially the United States.

Second, we have to put a premium on making Canada competitive, and keeping us that way. That means more attention to enterprise, to innovation, to co-operation among governments, labour and business.

Third, we have to pursue every export opportunity, large or small, traditional or new. I want to know how we can help you take better advantage of export opportunities.

Finally, there has to be a much greater sense of pulling together than we have known before. I hope that we can increase practical co-operation between federal and provincial governments interested in trade, and that there will be a much more active sense of team-work between the private sector and government.

Export Trade Month, which begins today, is a good example of what is possible when we do pull together. Working together, business, governments, labour, the academic community and others, have mounted a remarkable exercise right across the country — involving the time and efforts of thousands of people. Here, in Toronto, we have assembled over 50 trade commissioners and trade development officers from around the world and across Canada. You can make one-on-one contact with the individual who knows about the specific market, or the product, or the export service you want to know about. There will be some 250 events such as this in more than 30 cities and towns in every province.

We are also making our presence as exporters felt abroad — in trade missions to some 25 countries. To launch that part of Export Trade Month, Jim Kelleher, my colleague the Minister for International Trade, is today in Washington, opening International Public Transit Expo 84. From the United States to the United Arab Emirates, from Brazil to Bulgaria, from the South of France to the Sudan, Canadians will be out this month promoting an extraordinary breadth of commercial interests — everything from defence equipment to fishing equipment, from softwood to software.

Exporters are, by definition, internationally competitive. You are in immediate contact with international economic change. If you weren't confident of your ability to respond to it, and meet the competition, you would not be in the business.

In my view, the export community needs to have a stronger voice in shaping national economic policy — not only trade policy, but the full range of our domestic policies which affect our ability to compete.

The government needs to know — with very little delay — that what we are doing is accurately geared to international business development. Especially, we need to know that we are properly tracking change in international supply and demand, and in our own domestic export supply capabilities which might be exportable.

We need also to be very alert to developments in our major market, the United States. For example, right from the start of any moves toward protection in the States, we must bring to bear a careful and cogent presentation of our own Canadian interest, and of the Americans' own interest in unobstructed two-way trade. As we have seen recently in the case of steel, there is a lot that can be done through a

concerted effort by Canadian business, labour and government, acting together to influence opinion in the United States. The effect we can have jointly is far greater than the sum of the effects we can achieve separately. We should continue, along those lines, to mount a civil but forceful campaign in the United States to seek their appreciation of the vital interest we both have in keeping continental trade channels open.

We must work, as well, to preserve and enhance your access to your other most important markets.

That means keeping up the pressure in the General Agreement on Tariffs and Trade to roll back protectionism and keep the system open. It means sitting down with the United States to look at sectoral trade and other initiatives. It means invigorating traditional markets in Europe and growing markets in Japan, the Far East and the Middle East. I want there to be good communication between us in the federal government and you in the private sector as we proceed.

Trade is a two-way street. We cannot expect to export to others if we will not buy what they have to sell. We cannot try to knock down the barriers to your products abroad if we are erecting the same obstacles at home. As exporters you can help us help you. You can help us to help you to keep the trade channels open.

Canada is a country of immense potential and some rather serious problems. We have a deficit that is larger than Canadians were led to believe. We have allowed a pattern of conflict to scar relations between federal and provincial governments, and there is a legacy of suspicion between the federal government and both organized labour and business. The problems of attitudes are relatively easy to change. The deficit is more difficult, and so are some of the structural problems, at home and abroad. But those problems have to be seen in the context of the natural strength of Canada. We are an immensely rich country, with creative, skilled and energetic people, and access, quite literally, to the whole world. As a country, we are well regarded, almost everywhere; as a people, we come from literally everywhere, and those personal connections to other cultures, other markets, are alive and waiting to be worked.

You in this room have to make the sales; but we in the government have to make them possible.

I am here today to ask you both to do your job, and to help me do mine.

My colleague, Jim Kelleher and I need to know — early — what practical changes in policy or approach you think new ministers should introduce. We need to know what has been going wrong if we are going to be able to set it right.

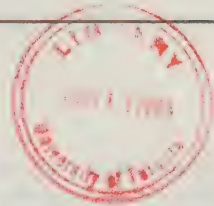
This government is two weeks old today. We have begun some of the changes the nation needs, and will meet Parliament early next month. Our mandate is to build a strong future for an extraordinary country.

We need more than your prayers — and more than your advice — although both will be welcome. We want you to apply the best of your enterprise, and your imagination, and your skill — to opening and keeping the markets this nation needs to excel in the world.



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CANADA, NATO AND INTERNATIONAL SECURITY

Notes for Remarks by the Honourable Ray Hnatyshyn, Government Leader in the House of Commons, at the Thirtieth Annual Assembly of the Atlantic Treaty Association, Toronto, October 9, 1984.

...In expressing my appreciation for the Council's [Atlantic Council of Canada] work, I realize they have not been aided by two developments. Several North Atlantic Treaty Organization (NATO) officials who would normally have been with us today are at an important meeting of alliance defence ministers in Italy. Canada has recently had a general election and many of us are relatively new to the challenges of the ministry. The Prime Minister, the Secretary of State for External Affairs, the Right Honourable Mr. Clark, and the Minister of National Defence, are otherwise engaged. However, the support of our government for the North Atlantic alliance, and the ideals it represents, has been made quite clear, and I am here today to emphasize that basic point....

Canada was a founding member of NATO, a voluntary association of sovereign and democratic nations which became the first multilateral military alliance to span the Atlantic in time of peace. The participation of Canada and the United States was a new departure — the first time that we in North America pledged ourselves to the peacetime defence of others. For Canada's part, that commitment, made 35 years ago, remains as strong as ever.

I might say — without being indiscreet — that, as one of his first acts in office, Mr. Clark recently wrote Lord Carrington to reaffirm that commitment. NATO, Mr. Clark said, is the cornerstone of Canadian security policy. Canada is a Western nation, committed to the ideals of individual and collective freedoms. On these principles we shall not compromise.

Canada saw NATO originally as more than a military alliance. We saw it as the foundation of a transatlantic community. We saw it as a means to prevent the forceful domination of the world by one country or group of countries. And we envisaged an alliance which would be more than reactive to the pace of developments elsewhere in the world. We sought, and we seek today, an alliance that is prepared to take initiatives in shaping a more peaceful and secure world.

To do this, our alliance must be more than the aggregate of our combined armed forces. It is true that, for 35 years, NATO's strategy of deterrence has been effective. We must continue to ensure that it is. But as Lord Carrington has recently said, our deterrent strategy must be firmly anchored within an over-arching political framework. The alliance must possess "political brain as well as military brawn".

Canada — working together with its partners — seeks an alliance which can bring to bear the full force of its collective political, economic, defence and moral suasion. Our democratic ideals and freedoms speak for themselves. We should be confident of them. In seeking a more peaceful world we should, above all else, build upon the essence of Western values and principles.

How can we do this? Your assembly has as its theme "NATO: New Opportunities". There are many opportunities for us if we wish to be bold. Yet there are also many challenges and we must together deal with these challenges — some new, others long known — if we are to be able to respond to the opportunities.

Since 1949, Canada has placed great emphasis on NATO's non-military dimension. It is this theme to which I would like to devote some attention today. For it is in this area that several challenges lie. I hope that, over the next few days, you will consider what I have to say. I would welcome, in turn, knowing the views of you who represent all alliance member countries.

The North Atlantic Council, in 1956, approved the Report of the Committee on Non-Military Co-operation in NATO; what has become known — quite aptly, I believe — as the "report of the three wise men". If I may, I would like to draw upon one of its principal conclusions. If there is to be vitality and growth in the concept of the Atlantic community, the relations between members of NATO must rest on a sound basis of confidence and understanding. Without this, there cannot be constructive or solid political co-operation. It is easy to profess devotion to the principle of consultation in NATO. It is often difficult to convert this profession into practice.

Now, that report was based on the North Atlantic Treaty, and the Treaty contains four non-military provisions: on consultation; on democratic beliefs; on promoting conditions of stability; and on economic collaboration. These principles remain as important today as they did in 1949, a tribute to those men and women of wisdom who shaped the Treaty. Have we collectively remained faithful to these principles? If not, what more can we do to make them meaningful? It is you, those vitally interested in the alliance from outside government, who can make a valuable contribution to this discussion.

I would briefly like to highlight three elements of NATO's non-military character which I would ask you to consider.

First, effective collective action — emphasized as so important by the three wise men — requires a consensus within the alliance. This consensus can only be fashioned among our governments through thorough, frank and timely consultation. We may not always agree, as allies, on specific steps. That is both a virtue and a burden of democracy. But that should not hinder discussion. We should at least be prepared to consider all points of view and to try to harmonize essential objectives. After all, we share one paramount goal — the prevention of conflict. This should be the touchstone of our deliberations and nothing should mask its importance.

Second, the allies should not hesitate to discuss all essential issues. I have said that, to achieve its goals, the alliance must concert its political, economic, defence and moral values. Prevention of conflict cannot rest alone on arms control or military strength. We must develop comprehensive approaches and consider all vital issues which touch upon our security. Defence and deterrence cannot be isolated policies. They must be an integral part of a broad security policy.

Third, national consensus is vitally important to the effectiveness of the alliance. We must seek better to enjoin our publics, to develop public confidence in the wisdom of our policies and actions. This is particularly true for a generation of younger people who have had no direct experience with conflict. NATO has kept the peace for so long that our very success presents us with a major problem — how to convince the younger generation of the virtues and necessity of collective security. We must be frank with our publics, engage them in the debate, seek to more effectively explain what NATO means.

Similarly, we must be able to assure those whose support we seek that each NATO member participates fully in the decision-making process — that the burdens of collective defence carry with them benefits, including the right to have one's voice heard. We can only do so if there is, and if the public perceives, effective on-going consultation.

While maintaining the strength of our deterrent, we must continue to encourage dialogue and understanding with those who may not share our values, to help reduce the possibilities of conflict. The public image we present to the Soviet Union and the countries of Eastern Europe is as important as the public image we present to our own peoples. The reason for this is clear.

The allies must illustrate unequivocally the strength of the transatlantic partnership and our collective solidarity. Others should know they cannot divide us on principles. We should move forward, building upon the words of last year's Brussels Declaration and the recent Washington statement on East-West relations. These words are not new. But they are often not appreciated in the West, nor clearly understood elsewhere. Our alliance threatens no one. None of our weapons will ever be used except in response to attack. We do not aspire to superiority, neither will we accept that others should be superior to us. We respect the legitimate security interests of others, as we expect them to respect ours.

Ten years ago, alliance foreign ministers gathered in Canada and issued the Ottawa Declaration. One of the principal paragraphs of that Declaration proclaimed the continued dedication of each member of this alliance to the several principles of democracy, respect for human rights, justice and social progress.

That paragraph, perhaps more so than any other, serves to distinguish the NATO countries from those of the Warsaw Pact. More even than that, the dedication contained in that paragraph represents the fundamental strength of this alliance. This freedom and this democracy, which unite us in their defence, must be the source of our resolve. Without common resolve — yet, equally, without full understanding of the goals of this alliance — we cannot force from our peoples automatic acceptance of the NATO credo.

The strength and credibility of this alliance depend upon its political, every bit as much as its military, character. We must not forget that.

I well realize that I have posed questions to which some of the answers have been elusive. I make no apology for this. Alliance governments have long been comparing notes on what is meant by truly effective consultation, on how to master the challenges of public communication, and on ways of developing more comprehensive approaches to the issues of international security. Perhaps in your discussions you can help us find the answers....



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TOWARDS CLOSER CO-OPERATION WITH THE UNITED STATES

Notes for a Speech by the Right Honourable Joe Clark, Secretary of State for External Affairs, to the Strategic Planning Forum, Ottawa, October 25, 1984.

...Much of the discussion in North America on the policies of the new government has singled out particular programs — changes in the National Energy Program (NEP) or in the Foreign Investment Review Agency (FIRA). There will be changes in those programs — the details will come after the Speech from the Throne in November and after we have completed consultations with Canadian [provincial] governments and other Canadian groups that are affected. This morning — rather than speculate on what we will do — I want to discuss why we will do it. I want to open a debate, not close it. I want to indicate some of the assumptions on which I, as a senior minister in the new government am acting, and to invite you and other Canadians to propose practical alternative ideas that would allow Canada to excel — not just to survive and certainly not to diminish, but to excel — in a changed and in a changing world.

Let me digress to two precisions (as we call them in High River). First, the NEP and FIRA. Without wanting to scoop the announcements of my colleagues, I want to make the point that if you live in the small towns of the Pembina Oil Field of Western Alberta, you tend to judge the success of the National Energy Program less by the television commercials of Petro-Canada and more by the Canadian drilling jobs and the Canadian service jobs that were lost in your own community. If you are a development officer in Scarborough or Longueuil, you tend to see foreign investment in terms of jobs, not sovereignty. The people in the Pembina field or in Longueuil or in Scarborough may be mistaken, although on September 4 they were pretty emphatic. They think that the programs that I have mentioned are wrong for Canadian reasons. Not for foreign reasons, but Canadian reasons. They don't work effectively as Canadian policy, and our government has a domestic mandate — and in our view a domestic obligation — to change programs that haven't worked. Often those changes will influence our relations with other countries, but that is a secondary consequence.

The second precision has to do with the world beyond North America. One risk in giving such early priority to our relations with our largest trading partner is that the suspicion can grow that we are ignoring our other opportunities and our other obligations in the world. Our actions will demonstrate that this priority is neither exclusive nor excessive. We have a commitment to the wide world, to the General Agreement on Tariffs and Trade, to the Non-Proliferation Treaty, to markets in Asia and Europe and the Middle East that require, and will receive, active Canadian attention. Part of the job the Prime Minister gave me is to ensure that Canada continues to see the world whole, and I will do that.

Now let me come back to the question of Canadian self-confidence, and the world in which a self-confident Canada has to operate.

If I were a real expert on what is happening in Canada, I would be a consultant, not a foreign minister. But I have been active in my country over the past two decades, in positions that have required me to keep my eyes open, and I believe we have moved quietly into a new maturity as a nation. We have been a young country for a long time, and, somewhere between Jean Lesage and Marc Garneau, we have become more sure of ourselves. Part of that had to do with a sense of equality in our regional communities. There has been a dramatic evolution of self-confidence in Quebec and, for different reasons, in my own region of Western Canada, and that is bound to influence the people raised there. But quite apart from our geographic and cultural communities, these past few decades have seen a burst in Canadian accomplishment — in literature, science, investment, invention, painting, sport — you name the field. Even our chefs excel. So much so that the Americans are grumbling.

Confidence and accomplishment nourish one another, and I am arguing that we are better able to stand on our own than we have ever been. The modern purpose of Canadian nationalism is to express ourselves, not to protect ourselves.

The real challenge is that the world is getting tougher. A few years ago, in world hockey, Canada learned that we can't take success for granted. That is a lesson that we have to carry out of the rink.

The reality is that we cannot stand still in an increasingly competitive world. The *status quo* will not be good enough. This country was built on the development of its resource base, but the terms of trade have been working against the resource sector and we have been slow to adjust.

We have seen the competition moving fast. Within our lifetime Japan has gone from toys to radios to shipbuilding to cars to high tech. The United States has shifted from the smokestack industries of the northeast to Silicon Valley and the Sunbelt. We've got to be equally quick if we are to maintain the standard of living that Canadians have come to enjoy and come to expect.

We must begin, I believe, by making much better use of the opportunities and the advantages that our geopolitical situation affords us.

Our primary foreign policy challenge is the relationship with the United States. In recent months, 78 per cent of Canadian exports have been to the US market, providing jobs for three million Canadians. The growth alone in our trade with the United States last year exceeded our total trade with Japan. The quality of our air and of our water as we all know is affected by emissions and omissions south of the border. We come under the US defence umbrella. Anne Murray goes to Nashville for her reward.

Naturally, over the years, some Canadians have feared that pervasive American presence. Yet working with the United States can pay handsome dividends. Co-operation led to Canadarm and the technological spinoffs that come with it. It has provided a high level of national security, through the North Atlantic Treaty Organization and North American Aerospace Defence. It produced the St. Lawrence Seaway, the Skagit Treaty, and the auto pact.

Through closer co-operation with the United States, we can play a larger role in promoting trade liberalization and the access to markets that Canada simply and inescapably needs to create jobs and prosperity at home.

A closer relationship with the United States does not of course mean an end to our problems. We have different systems and different views — including as has been made clear again — vital questions like acid rain. And we have our own priorities.

Perhaps the greatest challenge to our prosperity and to our recovery is the protectionist sentiment that is growing around the globe.

Because over 70 per cent of our trade is now with the United States, continued access to the US market must be our number one trade priority. The numbers are there. There is now a vigorous debate across Canada on just how we should pursue this objective. The fact that proposals are beginning to be received from the private sector is in my judgment a healthy sign, and I hope that there will be many more responses of that kind.

I ask you to look at our situation this way. We've just scraped through with narrow escapes from proposed United States actions to place new restrictions on imports of softwood lumber, imports of steel and copper. Imagine the consequences just for a moment, if the United States decisions in those key Canadian fields had gone the other way. We already have 1.5 million Canadians out of work. How long can we continue to rely on the existing rules, on diplomatic efforts and on the balance of US domestic forces to keep open the vital access the export-oriented economy of Canada needs to survive and to prosper?

The key is that this country has to be able to compete. No amount of isolation will protect the uncompetitive. We are in the midst of a global economic and technological revolution, and if we are not able to compete with the best then we will inevitably fall behind.

As a trading nation, Canada needs to promote freer trade. We have to examine the options. We have to weigh the costs, weigh the advantages. We have to strike a balance that enhances Canadian interests. Our goal is an open multilateral system. But what better place to look first than to our own backyard with our predominant trading partner.

There are important questions to be asked in this quest and I would welcome views from Canadians generally in helping us to get the right answers. To list just a few of the questions:

- What are the major obstacles or threats to market access facing Canadian exporters and to what extent can these be addressed through a bilateral agreement or bilateral agreements on freer trade with the United States?
 - What would be the impact of access to a market of 250 million on investment flows, and most importantly, on job creation here in Canada?
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- What would be the effect on Canadian access to other markets? Would better access to the US market improve our ability to compete in other markets or would it add complications?
 - Would freer trade with the United States lead to an over-all improvement in Canada's economic performance as a result of the increased market access, and the increased competition, that would be involved?
 - What degree of adjustment would be required in each economic sector? Should some sectors be excluded from consideration?
 - What kind of institutional machinery would we need to set up with the Americans to manage freer trade and to resolve disputes?
 - What would the implications be for Canadian sovereignty? How can those implications be assessed? How can they be measured?

Closer economic relations with the United States, if played right, can enhance our voice and influence in international affairs. So long as we are held back by our economy, we will not be as effective as we should be in our international activities or in our domestic policy. A strong economy builds respect, and allows initiative. Successful nations are listened to.

Moreover – and I suspect this is something that citizens of the United States and Canada both take too much for granted – we do share deep and powerful values with the United States. We can be proud of our common traditions as new world countries with open societies, and diverse societies. These are solid and unshakable foundations for innovation, for achievement and for degrees of co-operation that other neighbours would envy.

Equally important for Canada, a co-operative approach based on our underlying community of values can provide exceptional opportunities for Canada to bring our counsel to bear at the highest levels in the United States on issues where our views may differ. We must continue of course to press our position in forums around the world, and our government has made it clear that we intend to do that. But we should and we intend to press those same views one-to-one with our closest friend and ally.

We want to approach the United States from a new perspective, not with a pre-set and rigid collection of specific policies. Our idea is simple and direct: let us, in addressing our economic problems and in meeting our wider ambitions, get the most out of our North American context.

The Prime Minister has taken the lead in showing Americans that Canada wants to pursue constructive co-operation rather than confrontation. The President has already responded with an undertaking to meet annually.

In my meeting with Secretary Shultz, I sought to maintain that momentum. And I intend to build upon these and other early meetings to create a multilayered bilateral dialogue characterized by trust and by confidence.

Of course, if we are to make the most of the opportunities we see in a closer relationship, we need a clear sense of our own priorities, of what it is we want to get out of the relationship. We need a coherent approach and a coherent set of policies.

I am therefore pursuing my responsibility, as the Secretary of State for External Affairs, to bring coherence to the many facets of the relationship where my Cabinet colleagues are active. I discussed this need to co-ordinate with Secretary Shultz. The key is to keep the issues in perspective, in their rightful place, and to ensure that leaders in both countries know clearly just where the other stands. If we can do that, we will be going a long way toward reducing the risks of misunderstanding and of misallocation of our energy. On a secure foundation, we can build.

I have spoken about why the government is so actively taking up the challenge of refurbishing our relationship with the United States. In the last analysis, however, the success of these efforts depends not upon what the government may start but the degree to which Canadians in all walks of our national life are prepared to co-operate and join in that effort.

My colleagues and I need your support and your ideas. We are counting on business, community leaders and labour leaders and Canadians in general to back up our efforts. We, for our part, pledge to stay in close touch with you.

In the Throne Speech will be announced the details of a comprehensive foreign policy review that will allow maximum possible public participation in the setting of all of our foreign policy goals. We don't intend to stop conducting or stop conceiving foreign policy during the process of the review but we do intend to open up a process that affects the expression of Canadian interests to all the people of the country.

Canadians have a lot to be proud of. We have things to say, accomplishments to boast of and experiences of our own that the world would like to hear. We have our own set of priorities, our own national purpose, our own vision of what the world should be, and our own values. Here lies the best answer to those who are concerned about our future as a distinctive nation on this continent. Our Canadianness depends not on the quality of our fences, but on our eagerness to get out and compete and participate on the world stage. I think it makes a great deal of sense to start next door.



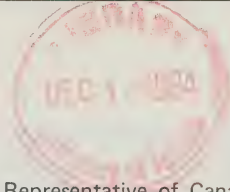
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THE CRITICAL ECONOMIC SITUATION IN AFRICA

Statement by Stephen Lewis, Ambassador and Permanent Representative of Canada to the United Nations, to Plenary, United Nations General Assembly, New York, November 6, 1984.

...Late last Thursday evening, I happened to be at home with my family in Toronto, Canada, watching the national television news. In a sequence which will be familiar to everyone in this hall, there was an extended report on the tragedy in Ethiopia.

Most of us, over time, have become steeled to the now commonplace images of violence, oppression, and misery. But I cannot remember, in my entire adult life, scenes of such unendurable human desolation. It was heart-breaking. There is no doubt in my mind that Canadians sat and wept, as we did, and would wish to respond with compassion, generosity, fervour. I witnessed in person, in another part of Africa many years ago, the reality of famine, *kwashiorkor*, and outright starvation, but never in such numbers have I seen the emaciated remnants of a once-vibrant humanity.

I sat — as everyone in this Assembly must surely have sat at some point or another over the past several weeks — and asked myself how it was possible that things should come to such a pass in a world which regards itself as fundamentally civilized. No poet, no writer, no artist, could adequately capture the horror.

I shall not belabour it further. The facts are known. You need no lectures from Canada. But I note, as other speakers have noted before me, that Ethiopia forms the backdrop to this debate — as do another 125 million people on the African continent who today face drought, food shortages, hunger, malnutrition and worse.

Canada has strong and visceral ties with most African nations — ties which go right back to the accession of independence. We share with a great many African countries a common language, heritage and political tradition rooted either in the Commonwealth or La Francophonie.

Canadians rejoiced throughout the period of decolonization and the emergence of dynamic African nation states. Indeed, if I may be permitted one additional personal observation, I myself, in my post-university days, spent a year-and-a-half teaching and travelling in Ghana, Nigeria, Uganda and Kenya either shortly before or shortly after independence — and then returned, on two occasions, a decade later. Africa leaves an indelible mark on the mind and spirit. The vitality, the exuberance, the determination, the potential live with one for a lifetime. Nothing I have ever done or experienced has so shaped my own sense of developing societies...their immense prospects, and their sometimes unimaginable adversities.

Canadians share that sense of solidarity. We always have; we always will. It is demonstrated by the

close relationships; by the development efforts over the years; by our mutual and uncompromising repugnance for *apartheid*; and by our determination, with others, that Namibia shall one day be free.

But most of all, that solidarity inevitably comes to the fore when debating a subject like this: the economic crisis in Africa. Last week, on the very matter of this speech, I journeyed to Ottawa to meet with Prime Minister Mulroney. He explicitly asked me to convey to this Assembly the sense of importance which Canada attaches to these deliberations.

On November 1, just five days ago, our Secretary of State for External Affairs appointed a prominent and much-respected Canadian as emergency co-ordinator for the African food crisis, to ensure that all of the efforts we undertake are effective in their intended reduction of human suffering. As is well known, transportation and logistical difficulties are of particular concern. It will be part of the co-ordinator's job to overcome the bottlenecks, and to see to it that the assistance is delivered as quickly as possible.

Just yesterday — in fact, just last night — the co-ordinator and the Secretary of State returned to Canada from a trip to Addis Ababa to assess, at ground level, what best might be done. It was an initiative deliberately designed further to galvanize Canadian public opinion.

In the case of Ethiopia, Canada has already contributed between one quarter and one third of all food aid over the past four years, amounting to some 275 000 tonnes. In light of the present crisis, we have dramatically increased our food aid to Ethiopia by more than 50 per cent to a level of \$26 million Canadian for 1984-85. As contributions from individual Canadians and Canadian organizations pour in, we will obviously do more.

But as speaker after speaker in this debate has indicated the response to the emergency is merely the beginning. What must come now is an Herculean effort, on the part of all member nations, to address those conditions which give rise to the crisis.

At the heart of the response lie the efforts of the African nations themselves. They have been and are, indomitable in pressing the issues to the world stage. In particular, the Economic Commission for Africa Conference of Ministers in Addis Ababa last June analyzed the crisis in vivid detail and provided a series of short, medium and long-term prescriptions. The ministers deserve our every support.

Indeed, when you think of it there is a certain *déjà vu* about this very debate. It is right and necessary that there be a culmination to the process which began some time ago, but let us see it as a culmination, given the litany of studies, reports, documents and conferences which have animated United Nations activity on Africa throughout all of the intervening months.

The Secretary-General alone has released a number of searching and thoughtful papers in 1984. Indeed, it is difficult to underscore adequately the remarkable quality of the Secretary-General's initiatives on Africa. His office has provided focus, momentum, and objectives.

The UN Economic and Social Council last July, as everyone knows, engaged in a notable discussion on the problems of the continent.

So too, the World Bank's Special Program for Sub-Saharan African, and finally, during the course of this debate, there is the emergence of the "Draft Declaration on the Critical Economic Situation in Africa".

What we are saying is that we have subjected the crisis in Africa to a continuing and remorseless dissection, and it is now time to act upon the generally shared conclusions. Having listened carefully to my predecessors in this debate, it becomes clear that every participant country, with varying shades of emphasis, seems committed to the proposition that the crisis of Africa is an international *cause célèbre* which the collective political will of this United Nations must resolve. And above all, on this kind of fundamental issue, we must seek agreement without any of the extraneous immoderation which turns useful debate into spasms of irrationality.

That is the position of Canada. But it of course goes further, into the matters of substance as well:

It is now widely recognized that structural impediments to growth, especially in agriculture, have been the source of much of the decline in output. The Food and Agriculture Organization estimates that for agriculture alone, *per capita* output fell in Sub-Saharan Africa by an average of 1 per cent a year during the 1970s and the decline has been even more dramatic in the 1980s. Pricing, marketing, investment and income policies have failed to provide adequate incentives to local producers. Governments often didn't make food production a priority in terms of public investment. Rapid growth in population — between 3.2 and 4 per cent *per annum* — has also been an additional barrier to self-sufficiency in food, as has the expanding desertification and loss of agricultural land. These tendencies, coupled with an international recession characterized by falling commodity prices, high interest rates, rising energy costs and inflation have crippled production and economic growth.

Just as the immediate crisis cannot be ignored, the deteriorating economic situation in Africa over the past decade can neither be dismissed nor hidden. African nations and the international community must both acknowledge that our past initiatives have failed in whole or in part. For African countries it means a recognition that some of their domestic policies have been ineffective or inappropriate — a recognition, incidentally, which is implicit contained in the Draft Declaration. For the international community it means that many of our investments have been misdirected or ill-conceived. We have probably placed too much emphasis on the financing of new infrastructure, and ignored the problems of maintaining it. More of the same is pointless for us all.

Canada believes therefore that remedies must be simultaneously applied to the short-term crisis and long-term economic malaise. Our immediate concern, naturally enough, has been relief to the estimated 150 million victims of the drought in the 24 most seriously affected countries, and to the four million refugees from other natural or man-made disasters. In 1983-84, Canada provided over \$100 million in various forms of assistance to meet emergency food shortages in Africa.

Our commitment will not diminish. It has intensified. In 1984-85 African countries will receive over

\$90 million in bilateral food aid alone, almost doubling last year's allocation. It represents 45 per cent of all such Canadian aid. Another \$14 million will be allocated for international relief organizations. Assistance to Africa through the World Food Program, to which Canada is the second largest donor, will be maintained at its current high levels.

Furthermore, Canada has participated actively in the work of the Second Conference on Assistance for Refugees in Africa to establish guidelines for the development of programs for refugees — guidelines which respect their international legal rights. Canada has indicated an interest in projects with a value of more than \$15 million, destined for at least six countries.

Africa will remain a priority for Canadian development co-operation as it has in the past. More than 40 per cent of Canada's bilateral assistance, representing over \$225 million in 1983-84, is devoted to African countries. In response to the critical balance-of-payments situation of many of Canada's development partners on the African continent, we have made a shift towards program support as opposed to project support, allowing for more rapid and flexible financial transfers. To maintain existing infrastructures, support is increasingly provided for recurrent costs and maintenance costs. Our financing in Sub-Saharan Africa is now primarily in the form of grants. All of these policies will be sustained and improved wherever possible.

We all recognize that agriculture is the primary key to Africa's long-term development. Food and agriculture will continue to be the most important sectoral priority for Canadian official development assistance during the 1980s. We will continue to direct an increasing volume of resources towards the agricultural sector. In 1983-84, 38 per cent of the Canadian International Development Agency's bilateral disbursements in Africa went toward the promotion of food security, agricultural production and related infrastructure. However, we recognize that Canada's contribution can only support, rather than substitute for, efforts on the part of recipient governments to deal with the underlying problems facing food production. It is they who will find the means and devise the strategies to tap Africa's undoubted agricultural potential. As the changes in policies are made, Canada stands committed to further assistance.

Improved co-ordination is also essential for domestic and international efforts in the short and long term. The African countries must play a key role in ensuring that all available resources are utilized effectively. Such a policy requires close co-operation with the donors, with the World Bank and the United Nations Development Program to improve co-ordinating mechanisms. There is an indispensable need for an integrated framework. What does that mean? It means that there must be a framework at the country level to guide all donors and that country itself in developing programs of support for structural adjustment. We have made recent progress in this area, and we salute the willingness of many African countries to respond to this challenge.

Moreover, resources are not merely physical and financial, they are human. It is clear to everyone that the human resources' potential within Africa itself must be tapped if long-term development in all of these areas is to succeed. The provision of outside experts on a short-term basis is a mere stop-gap. In order to maintain the momentum which, we hope, will start with this debate, all parties

involved must pledge themselves to the provision of the necessary education and training for African personnel. In short, human resource development must play a central role in any future African development. That principle is one of the pillars of Canada's aid program.

All of that leads us irresistibly to the need for what economists call "increased financial flows". Or to put it in the language of the layman: more money.

In that regard, it is distressing to note the projected decline in net capital flows identified by the World Bank in its Joint Plan of Action. As the new Canadian Minister of Finance said a mere six weeks ago, "We would urge Bank management to continue active consultations with donor governments with a view to increasing bilateral and multilateral flows to Sub-Saharan Africa."

Canada recognizes that greater funding from the developed international community is necessary, and Canada will play its full part in the provision of greater funding for Africa. Indeed, we will also continue to work for adequate funding of the International Development Association, the International Fund for Agricultural Development, the United Nations Development Program and other organizations that have a key role in channeling concessional monies towards Africa.

In concluding, I would like to return to the Draft Declaration since it will undoubtedly serve as the lasting expression of this important debate.

Declarations neither feed the hungry nor alleviate human suffering. But they can act as a remarkable catalyst to collective action.

This Draft Declaration, potentially, is a singular document. It is lucid and sensible. It ties all of the strands together.

It speaks, eloquently, to the immediate human tragedy; it recites, convincingly, the emergency around food, water and the ugly encroachment of the desert; it identifies the decline in export earnings, the appalling levels of indebtedness, and the stagnation of resources; it asserts the responsibilities of African governments themselves to fashion development policies in response to the crisis; it confers importance on national food strategies and integrated rural development plans; it acknowledges the primacy of physical and social infrastructure; it stamps with approval the urgent need for co-ordination; and it argues, with irrefutable cogency, the case for a substantial increase in bilateral and multilateral funding.

With all of that, Canada can agree. On those few points where we may differ, the Draft Declaration offers a promising basis for mutual accord.

One of the primary reasons for this debate is to mobilize international opinion in our respective countries and abroad. A final Declaration, adopted by consensus, would go a long way to that end.

When we are finished with the words, there remains the vulnerability of the human condition. Let's get on with the tasks that lie ahead.



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INTERNATIONAL TRADE ENVIRONMENT

Notes for a Speech by Mr. Marcel Massé, Under-Secretary of State for External Affairs, to the Canadian Export Association, Toronto, October 16, 1984.

Today I want to outline for you some thoughts about the current international economic environment, and to explore some of the trade opportunities and challenges that government and the export community must face together.

A brief look at the environment

Some recovery from the worst recession since the war finally seems to have taken hold. By the last quarter of 1983 there was an acceleration in world trade which seems to have continued at a hopeful rate during the first part of 1984. Consequently, the growth in world trade this year can be expected to be in the range of 5 per cent to 7 per cent in dollar value. In this context, the Canadian export recovery began earlier and has been more powerful. Total merchandise exports increased in value by approximately 7.5 per cent between 1982 and 1983. If we compare the first seven months of 1984 with the same period of 1983, we notice that the growth in value of Canadian exports has been an impressive 28 per cent, substantially above the expected growth in over-all world trade this year. The most notable aspect of this export-led recovery of the Canadian economy has been that the share of Canada's exports going to the United States has increased from 68 per cent to 76 per cent since 1982.

Lest we become too complacent, however, in the face of this export success, it is essential to look behind these figures. Some of the factors which have led to the growing importance of the United States market for Canadian exports may well be of a temporary nature. These include the remarkable strength of the United States recovery and the fact that much of the export success has been concentrated in one, albeit very important, sector — the automotive. In addition, there are already indications that the rate of growth of the United States economy, while remaining strong, has begun to moderate somewhat. Moreover, the American dollar is widely recognized as being substantially over-valued, a fact which can only encourage exports to that market. Such over-valuation cannot be indefinite.

Looking beyond the United States, it must also be said that Canada has been less successful in increasing exports to other world markets. Canadian exports to Japan did increase somewhat in 1983 and have increased again this year at a modest rate, but certainly well below levels that could be achieved in that enormous market. Canadian exports to the European Communities and all other markets actually declined in 1983 and are unlikely to witness much growth this year.

Indeed, the most striking feature of the current economic recovery has been the weak response of the world economy to the vigorous boom in the United States. On earlier occasions, increased export earnings, due to an initial recovery-induced rise of imports into the United States, spread the recovery

from country to country. Little of this process is observable to date. Outside the United States, with very few exceptions, trade-related investment activity has remained moderate. The expanding demand for exports has been mainly satisfied from existing capacity.

The large trade deficit in the United States and concern about jobs in certain key sectors will continue to fuel protectionist pressures in a wide variety of sectors in that country. Protectionist pressures are also clearly evident in economies where the trade deficit may not be as spectacular as that in the United States, but where economic recovery itself has been less notable. In Europe and North America, market access has in recent years been further tightened or become more uncertain in such sectors as agriculture, consumer electronics, automobiles, textiles and clothing and steel, among other sectors.

On the positive side, in the Canadian government and the private sector we both recognize the vital role trade plays in our economy and the need to be internationally competitive. As the Right Honourable Joe Clark said in a recent speech: "We have to put a premium on making Canadians competitive, and keeping us that way. We have to pursue every export opportunity, large or small, traditional or new." This demands that Canada participate in the search for ways of improving access to export markets.

Canada enters the search for a more stable world trading environment in the knowledge that Canada's exports have increased substantially in the past two years. For this performance, the export community in Canada is to be heartily congratulated. The export community, members of your association, are the front line troops in this very tough competitive fight and they have to date done remarkably well. Moreover, the possibility of further trade liberalization is now clearly a prospect. Our largest partner, the USA, is sending out signals that, while they are very uncomfortable with the *status quo*, particularly their enormous trade deficit, they want to move forward rather than backward, to keep trade flows moving and to further reduce barriers through mutually beneficial negotiations.

Opportunities and challenges

In the above context, Canadians have a major opportunity and a challenge. An opportunity to build upon the export success of recent years and upon our many comparative advantages in order to gain increasingly liberalized access to major world markets. And the challenge: a challenge to prepare ourselves adequately and in sufficient detail to allow us to strike the best possible bargain for Canada. Decisions taken over the next year or two with respect to trade negotiations will shape the trading framework for Canadian exporters for the remainder of the twentieth century.

The most important issues on the Canadian trade policy agenda this autumn are preparations for new multilateral trade negotiations and consideration of the initiatives for achieving trade liberalization with the USA. There is no single element in Canada's trade relations which is as vital as our trade ties with the United States.

Mitchell Sharp has addressed today the question of bilateral negotiations with the United States. There has been less public discussion of the prospects for and possible content of a new round of multilateral trade negotiations.

With respect to the preparatory work for the new round, a reasonable operating assumption is that a new round of trade negotiations is likely to begin either in late 1985 or early 1986. The negotiations will be about: (a) trade liberalization, both with respect to non-tariff and tariff barriers; (b) improving trade rules to provide a more predictable trading environment in which businesses can operate; and (c) improvements in the trading system itself which could be designed to have a similar effect — an example of this latter element would be improvement in the General Agreement on Tariffs and Trade (GATT) dispute settlement system.

Multilateral negotiations would offer us the prospect of improving market access for Canadian products to our traditional partners and with important growth markets in developing countries, particularly in Asia and in Latin America. Of course, the principal component of any multilateral negotiation for Canada is a negotiation with the United States and there are many things which we would wish to accomplish in that context.

But there are major opportunities elsewhere as well. Many of our exports to these other markets are vital to different regions of the country. In the Canadian federation a specific region's view of the world does not always correspond to a nationally aggregated picture. Many Canadians consider the trade relationship with Japan and the Pacific to be vital, particularly for producers of certain commodities. For others, the natural market that would allow the emergence of a more prosperous fisheries industry, for example, is Europe. The challenge for Canada is to achieve, through a new trade round, greater access to these enormous markets as well as to those of several of the newly-industrialized countries.

Some of the emerging issues on the likely agenda for the new multilateral trade negotiations round include:

- (a) trade in agriculture, where better discipline on trade-distorting subsidy practices would be a key objective;
- (b) dealing with barriers to trade in natural resource products, including fisheries, forestry, non-ferrous metals and minerals and petrochemicals;
- (c) the possibility of developing better discipline on the use of subsidies, in general, particularly those which cause serious international trade frictions;
- (d) the development of a possible international framework for trade in services;
- (e) the improvement of provisions of the GATT Government Procurement Agreement and the expansion of its coverage;
- (f) a safeguards understanding which would improve international discipline regarding emergency measures taken against injurious imports such as those recently threatened by the USA in steel and copper, and practised by Canada on footwear; and

- (g) improvements in the institutional framework of the GATT and, in particular, improvements to the dispute settlement system which is vital to the maintenance of the integrity of the concessions negotiated in the GATT.

It is essential to begin to strengthen further the mechanisms for close consultations between federal and provincial governments and the business community. These new trade negotiations, I cannot emphasize too forcefully, will change the world trading environment through to the end of this century. As the negotiations are engaged, clearly our consultations with you will need to become much more detailed and more formalized. We are now planning the mechanisms to receive your views and pursue the necessary consultations. It is not too early for you to begin to provide us in government with a clearer idea of the trade-related barriers (non-tariff and tariff-related) affecting your export performance and which Canadian products would likely benefit from a more liberalized world trading system. In this task, I ask you to look forward — beyond the short term — to the kind of trading system you will need by the end of this decade.

In conclusion, I can assure you that there are no higher priorities for the Department of External Affairs than export development and preparation for new trade negotiations.

You have heard earlier this morning from Ray Anderson on the Department's major efforts and continuing activities to offer exports support programs and services best suited to their needs and changing conditions in the marketplace. He told you, as well, about the organizational set-up of the Department.

The uncertainties and speculations that may have prevailed recently about the possible relocation of the international trade responsibility within the government have been cleared and put to rest. The Prime Minister has decided that there shall be no move or changes in mandate or ministerial responsibility for international trade, and that all energy should now be focused on getting the job done. I can tell you that we are under very specific orders to make current arrangements within government work better in support of the business community and our trade and export interests.

I, for one, certainly intend to see that External Affairs improves and plans its full role to that end. This Department is at your service. I believe that we should be in a better position to serve you than ever before. My objective is to deliver on this and I want to hear from you in terms of both what we are doing right and how we might improve.



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APARTHEID — A VIOLATION OF FUNDAMENTAL HUMAN RIGHTS

Statement by Stephen Lewis, Ambassador and Permanent Representative of Canada to the United Nations, to Plenary, United Nations General Assembly, New York, November 20, 1984.

I do not think it an exaggeration to say that *apartheid* is one of the single most intractable issues facing this body. It is not solely a political issue; its social and economic ramifications are rightly reflected in debates and discussions in the committees of this General Assembly as well. The Canadian government has condemned, and will continue to condemn with every fibre of moral strength which we possess, the policy and practice of *apartheid* in South Africa. It constitutes an unconscionable violation of fundamental human rights. Change must — and will — come. The question facing us today is how to promote change and to hasten the end of the abhorrent system of *apartheid*.

Sad reality requires that we recognize that racism exists in many places on this less than perfect planet, but only in South Africa do we find *apartheid* enshrined in the law of the land. Only in South Africa is it government policy to divide the population on the basis of race. Only in South Africa is segregation supported by the full range of powerful government institutions. Only in South Africa is racism extended to every area of human existence, social, cultural, economic, and political. Only in South Africa are people herded into isolated, often impoverished and arid areas far removed from every economic opportunity. Only in South Africa, in other words, does the state debase the human spirit and the human condition on the basis of colour alone.

And what are the results of South Africa's policy of *apartheid*? In the most elementary terms, it has condemned the vast majority of the population to poverty — economic poverty — intellectual poverty — even spiritual poverty. No matter what its proponents may argue, *apartheid* cannot be justified as some form of separate but equal development — just witness the South African government's own statistics on *per capita* educational expenditures or the allocation of arable lands to the so-called homelands.

But of course, it's far more than that. *Apartheid* also corrodes the institutions most prized by white South Africans, the democracy and freedom of expression which they treasure within their own community. Why? Because inequality breeds anger. Anger breeds unrest. Unrest begets violence. Violence is met by more violence and suppression.

Suppression requires vast police powers, government control of movement and assembly, and increasingly, intervention by the armed forces. The cycle of inequality, anger, and suppression shreds the fabric of society. The entire coercive apparatus of the state is enlisted in the service of injustice. I remind you of the words of Bishop Tutu before the Security Council just last month: "...my beloved country is wracked by division, by alienation, by animosity, by separation, by injustice, by avoidable pain and suffering. It is a deeply fragmented society, hag-ridden by fear and anxiety, covered by a pall of despondency and a sense of desperation, split up into hostile, warring factions. It is a highly volatile

land, and its inhabitants sit on a powder keg with a very short fuse indeed, ready to blow us all up into kingdom-come. There is endemic unrest, like a festering sore that will not heal until not just the symptoms are treated but the root causes are removed."

Even if the prospects for peaceful, positive change in South Africa sometimes seem hopeless, we cannot afford to give up hope. This United Nations was built on hope for the future. The Charter reflects the faith that a better future can be found through peaceful means. Through the smoke of burning shanty towns in South Africa, we can still see some faint signs of change. Over the cries of the wounded and dying, we can still hear whispers of good will within all elements of South African society. To be sure, the recent constitutional changes really mean that *apartheid* has been embedded even more deeply in the fabric and laws of South Africa. It was all a sorry exercise in tokenism. The testament to that lies in the overwhelming rejection of the new constitutional arrangements by the so-called coloured and Indian communities.

And yet, and paradoxically, a smidgin of encouragement can be found. If a constitution can be changed once, it can be changed again. The art...the object...is to achieve it peacefully before this unjust and implacable system forces a horrific convulsion.

There is some hope to be drawn from the fact that the labour movement, especially among black South African workers, is exerting more economic, and therefore more political, influence. The future prosperity of South Africa, and of all South Africans, can only be assured by the development of an integrated, educated work-force. Urbanization is another powerful contemporary force for change involving all communities in South Africa.

Because the Canadian government still believes — must believe — that peaceful change is possible, our approach incorporates two basic premises. First, the Canadian government and people oppose and abhor *apartheid*. Second, we leave the way open for contacts and dialogue which, in themselves, increase Canada's capacity to encourage some process of change in South Africa.

Allow me briefly to list the measures which the Canadian government has taken to reflect our opposition to *apartheid*:

- Canada does not recognize the governments of the so-called independent "homelands";
- the Canadian embargo on arms and military equipment to South Africa dates back to 1963: we have enforced, and we continue to enforce, the embargo rigorously;
- Canada has ended active trade promotion in South Africa and closed consulates in Johannesburg and Capetown;
- special preferential tariff arrangements for South Africa in the Canadian market were terminated;
- a voluntary code of conduct for Canadian companies was issued concerning their employment practices in South Africa;

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- South African athletes or sporting officials are not allowed to enter Canada to participate in events on a nationally representative basis; and
 - no government funding is provided for Canadian athletes participating in nationally representative competitions abroad which involve South Africans.

The Canadian government's support for peaceful change in South Africa goes beyond statements of opposition to *apartheid*. To put it bluntly, we have put our money where our mouth is in providing educational opportunities and assistance to self-help projects. Examples over the past year include:

- \$25 000 to the UN Trust Fund for South Africa;
- \$350 000 to the UN Educational and Training Program for Southern Africa;
- \$141 000 to Canadian non-governmental organizations to assist in self-help community projects; and
- \$618 700 contributed over a longer period for black or integrated labour union training projects *via* the Canadian Labour Congress.

Our commitment continues. This year, for example, my government has doubled the allocation of funds for small self-help projects within South Africa to a total of \$300 000. We are also allocating \$1.5 million for a special education project providing scholarships for training inside South Africa.

The Canadian government rejects the concept that total isolation of South Africa would somehow promote fundamental reform in that country. It wouldn't happen. Racist mentalities feed on isolation. Isolation breeds the kind of defiance which further fans the flames of oppression and hatred. We therefore maintain diplomatic relations with South Africa. That is one means by which we can tell the South African government, the white minority, and the population as a whole that Canada opposes *apartheid* and supports social and political change. It also allows us to assess the situation and to inform the Canadian government and people accordingly. Those assessments are particularly important since the Canadian government is now beginning a major foreign policy review.

Canada also supports the right of South Africa to participate in the activities of the United Nations. We attach great importance to the principle of universality of membership within the UN system; if governments are not allowed to sit down and discuss their differences, however profound, no solutions will be found. South Africa must be exposed to the pressures of world opinion. Better that their delegates should walk into the Security Council and make a speech of indignation and hostility, than that they should never have to respond to international condemnation.

Far more difficult, perhaps, is the question of sanctions — a question about which we have thought — and will continue to think — long and hard. Canadian reservations about comprehensive economic sanctions against South Africa stem from our belief in the leverage of dialogue and contact, and also

from our doubts whether such sanctions could be effective. All of South Africa's major trading partners would have to be involved and, even then, the size and strength of the South African economy would probably enable it to withstand such economic pressures. Indeed, it might be argued that comprehensive sanctions may hasten rather than avert conflict. Setting aside for the moment the continuing controversy over whom would suffer most by the application of sanctions, we must still squarely face the present reality; if we know that sanctions won't happen or won't work, there must be alternative ways to keep the pressure inexorably on.

One of those ways is through this Assembly. That is why we have these debates year after year. South Africa is not impervious to the international criticism heaped upon its head, nor to the various selective boycotts and black-lists applied to its activities. South Africa's leaders are a beleaguered oligarchy — beleaguered by the growing resistance within; beleaguered by the obloquy without. Pressure is what does it, tenacious and unrelenting.

It is traditional that speeches have a conclusion, but this is one area where our statements and our actions cannot end until every person in South Africa enjoys full and equal rights. In 1960 and 1961, some of my time in Ghana was spent assisting refugees from South Africa. I remember it vividly. That was over 20 years ago. Since then there have been some changes in South Africa, but somehow each step forward seems to be followed by hesitation and retreat. The South African government and those who support *apartheid* must recognize that they cannot retreat into their past. There is no solace in regression. There is no stopping the waves of history. We have been lucky so far; it is truly remarkable that the great black leaders of South Africa — the Luthulis, the Mandelas, the Tutus — have always sought change by peaceful means. Remember Bishop Tutu's words: "We deplore all forms of violence, the violence of an oppressive and unjust society and the violence of those seeking to overthrow that society, for we believe that violence is not the answer to the crisis of our land." Time is running out for those who oppose violence. We too must not rest while peaceful change still has a chance. The Canadian government and the Canadian people stand ready to help.



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TOWARDS CLOSER RELATIONS WITH FRANCE

Notes for an Address by the Honourable James Kelleher, Minister for International Trade, to the France-Canada Chamber of Commerce, Paris, December 5, 1984.

...The Canada-France Chamber of Commerce is a cornerstone of the new spirit of co-operation between our two countries, a spirit that sprang directly from the visit to Canada last month of your Prime Minister, Mr. Fabius.

I know that Mr. Fabius was preceded by some of the members of this Chamber of Commerce, who made an extended visit to Canada — extended in distance, at least, since you went from one coast to the other and stopped in a total of nine cities. And your initiative is one of a great many that are now taking place between France and Canada. I had the honour of meeting yesterday with Mr. Jean Pineau, the co-chairman of the Canada-France Businessmen's Group that has been looking into areas in which we can expand our bilateral relations, and I am extremely encouraged by the report he has given me.

On the Canadian side, I am the second Cabinet minister to visit Paris within the past week. My colleague Robert de Cotret, the President of the Treasury Board, was here last week, conferring with people from the business community, and I believe he managed to meet with some of you.

It is not by chance that all this activity is taking place. Our two prime ministers, in their meetings last month, took the explicit decision to give what Mr. Fabius described as a "new impulse to our relations" — political, cultural and, of course, commercial.

The importance of that decision cannot be overstated. I would like to recall the words of my Prime Minister, Mr. Mulroney, at the state dinner honouring Prime Minister Fabius. "It is not enough to say that history and culture have forged indestructible bonds between us," Mr. Mulroney said. "We must give those traditional bonds life and translate them into realities of state."

And he continued: "Our two countries must walk together down the road to the growth that awaits us. This road must inevitably lead us through technological, scientific and economic exchange.... We will not achieve our common culture without an economic foundation and economic expansion. In this perspective, it is imperative that we strengthen our commercial relations."

I would like to explore with you today some of the avenues that I see towards strengthening our commercial relations. Before I do so, however, it may be appropriate to give you a sense of the priorities of the government I represent.

To put it in business terms, Canada is under new management. We have an overwhelming mandate for change, and what we are undertaking is a process of national renewal. We see three major areas that require our immediate attention.

The first thing we must do is to put our own fiscal house in order. Controlling the budget deficit will be

our priority this year and in the years to come. Our immediate goal is to reduce the deficit through reductions in expenditures rather than major tax increases. We are already making progress. A review of possible spending reductions and revenue recovery measures has already turned up ways to shave 12 per cent off the deficit projected for the next fiscal year. Our goal is to at least triple those savings by 1990.

Our second major challenge is to redefine the role of government so that it provides a better framework for growth and job creation. Government must not be an obstacle to business. It should afford a climate which stimulates change and innovation. We must move away from having too many of our industries over-regulated, and others over-protected not just from imports but from domestic competition. Programs designed to assist investment should not have the perverse effect of distorting it. Policies and programs should not send the wrong signals abroad — signals that Canada does not welcome foreign investment, particularly in the energy sector. Thus, our third major challenge is to establish a stable policy framework with proper incentives for investment and growth.

At the same time, it is essential to take action to ensure that the private sector can expand to provide durable growth and productive jobs. To do this, we will encourage enterprise in Canada. We will reduce the regulatory burden, not as an end in itself, but to release the creative energies of individuals and companies to experiment, to innovate and to produce better goods and services at lower prices.

In this respect, we will soon propose changes in both the Foreign Investment Review Agency and the National Energy Program, changes that will make Canada measurably more attractive to foreign investors. We intend to make Canada a better place to do business.

We also intend to increase the business we do outside of Canada. Trade is Canada's life-blood. Exports account for almost one-third of our national income. Some two million Canadians work in industries that directly or indirectly depend on exports. Yet our trade performance should be much better. One of the fundamental thrusts of this government will be to refurbish Canada's stature as a first-class world trader.

We also know that the goal of securing and improving access for Canadian products to foreign markets will not, of course, be achieved without responding to the interests which our trading partners have in equitable access to markets in Canada. Since Canada is the only major industrial country without unimpeded access to a market large enough to permit substantial economies of scale, we understand that.

There is an emerging international consensus in favour of a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). These negotiations will provide an opportunity to reduce tariff barriers and to tighten discipline on the use of non-tariff measures. As economic summit partners, Canada and France together will need to examine the preparations necessary for a new round of GATT negotiations, and the opportunities such negotiations might present.

These are the global concerns of Canada's new government. Let me now apply them to our relations with our oldest trading partner, France.

The current state of our economic relationship is not fully satisfactory — not compared to the strength of our respective economies and the depth of our historical and cultural ties.

Our trade figures have not been particularly encouraging. Our two-way trade is expected to increase by one third in 1984, undoubtedly a reflection of the healthier state of our economies, but it should still fall short of \$2 billion (Cdn.).

The investment picture is brighter. France is the fourth largest investor in Canada, controlling assets worth \$6 billion. And this is growing. The recently announced investments by Pechiney and AMC/ Renault by themselves will boost that figure to \$8 billion.

Businesses today realize that the expansion of trade patterns are linked to investment. We estimate that the Renault/AMC plant in Brampton, Ontario will in itself generate an extra \$300 million in sales of French goods in Canada. An investment of this magnitude also stimulates related investment in sub-contracting. This process results in job creation, a vital objective in both of our countries.

It has come to my attention that American and Japanese investment in France is growing. If we want to increase our share of European markets, including France, more Canadian firms will need to invest on this side of the Atlantic. The recent agreement between PetroCanada and the French Petroleum Institute is of course encouraging, but there is plenty of room for other initiatives. We could co-operate more in areas such as forestry and fisheries, for example.

Joint ventures with research and development potential for both partners is another promising avenue, and I would point here to the collaboration of Canadian and French companies in defence contract bidding.

Our respective business communities, in particular our small- and medium-size businessmen, have not so far fully realized the extent of the potential our national economies offer to each other. This is not, I suggest, entirely their fault.

In the past 15 years or so our two governments have spent an immoderate amount of time and energy in the management of the political relationship, perhaps at the expense of our mutual economic interests.

But that is now behind us. The meeting of our two prime ministers was the beginning of a new era in our relationship. It confirmed at the highest levels the importance that both governments attach to the strengthening of our economic co-operation. In this respect, there are a number of concrete steps we should begin at once to take.

First of all we should dedicate ourselves and the institutions we represent, whether public or private, to a better understanding of what our two countries really are. What are their respective economic and technological achievements? What are the implications of these achievements for enhanced co-operation?

This means more organized visits by economic decision-makers of both countries, more encounters between business people, particularly those in small- and medium-sized businesses. The visits organized through your Chamber are precisely what we need. I hope there will be many more of them, and that

they will result in profitable joint ventures. I should also pay tribute to the efforts of the Canada-France Businessmen's Group in the pursuit of these aims.

Another step should be the explicit dedication and commitment of our respective bureaucracies to attend to any difficulty, any irritant that pops up between us. We are friends. Let's talk. Let us resolve whatever impediments we may find in the pursuit of our common objectives, as friends would do, by talking them out frankly.

A third step should be to consider, as a matter of priority, how best to strengthen the role of institutions such as *La Chambre de Commerce France-Canada*, in order to maximize your impact throughout our vast country and among small- and medium-size businesses. In that perspective, the recent initiative taken by the *Chambre* to establish a number of regional delegations is much to be welcomed.

There are also a number of areas outside our purely bilateral concerns in which we could work more closely together. We should, for example, do whatever is necessary to combat the pressures of protectionism that threaten the world trading system. This means working together as members of the group of seven industrialized summit countries, and as members of the GATT.

We in Canada are also aware of France's growing interest in the countries of the Pacific. I need not point out that Canada is also a country of the Pacific. In 1986, we will host a major international transportation fair in Vancouver, our leading Pacific port. I am grateful for the decision of the French government to be represented at this fair. My government will be pleased to co-operate in bilateral activities relating to it.

You have no doubt heard of the importance our government has given to improving our relations with the United States. You may even be concerned about it. In my opinion, however, there is no reason for concern. Our approach to the United States will not be at the expense of our relations with France or our other trading partners. Indeed, closer relations with the United States can mean more opportunities for us to do business together. For example, we are re-equipping our armed forces; we are currently building six new frigates for our navy, we are evaluating proposals for a low level air defence of our bases in Germany, and there will be more requirements in the future. Firms that will be awarded contracts in this venture are those which invest adequately in Canada and assure a significant technology transfer. Moreover, firms established in Canada can also bid for defence requirements in the United States, thanks to our defence production sharing program with that country.

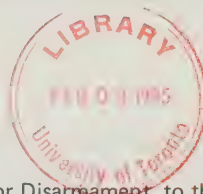
Finally when we talk about the expansion of economic bilateral co-operation we ought not to forget the potential of increased co-operation in the economic projects of third countries. I have asked my officials to examine the feasibility of closer co-operation in such ventures, and there appear to be many sectors in which Canadian-French co-operation would be well rewarded.

There is, in short, a great deal to be done to bring the commercial relations between France and Canada back up to a level consistent with our bonds of culture and family. There is much to be done, but we are now prepared to do it. Indeed, we are committed to do it.



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THE ROUTE TO PEACE

Notes for a Speech by Douglas Roche, Ambassador for Disarmament, to the United Nations Association in Canada, Victoria, December 6, 1984.

Earlier this year, I wrote that stronger Canadian government involvement in United Nations issues could be a catalyst for the security and development the world longs for in the dangerous decade of the 1980s. Since then, I have spent the fall at the UN, representing Canada at the First Committee which is responsible for disarmament and related matters. This experience has made me realize how true are the words of the Throne Speech on the opening of Parliament November 5: "Patience and perseverance we will need, for in this endeavour even the smallest progress is worthy of the greatest effort."

In its *mélange* of hopes and frustrations, the United Nations reflects the anxieties of the modern world. These anxieties are heightened by the unchecked nuclear arms race. People everywhere want the promise of life to prevail over the suffocating threat of death. More and more, people want a "fast" solution. But it is my view that the solution will be slow.

Canadians should understand that a realistic role for Canada to play involves a long series of steps, not reliance on a "quick fix" to make the world a safer place. A commitment to the long haul, in which sometimes it is necessary to take one step back in order to take two steps forward, is the surest route for Canada to make a lasting contribution to peace with security and freedom and justice.

Determination is not the least of the qualities Canada needs in the search for peace and disarmament. We must constantly use our influence to reverse the nuclear build-up and reduce the danger of destruction. This determination — as the Right Honourable Joe Clark expressed it to the United Nations on September 25 — "will be a constant, consistent, dominant priority of Canadian foreign policy".

Let us examine how Canada pressed that determination in disarmament work at the UN this fall.

First, it should be recalled that, in his speech to the General Assembly, the Secretary of State for External Affairs put Canadian international security policy squarely within the UN context: "Our government is committed strongly to the United Nations...a dynamic United Nations system is essential for countries like Canada — and equally for the superpowers. Precisely because more communities are looking inward more often, we must strengthen global institutions which bring us together."

"Bring us together": this phrase is key. In UN parlance, it is known as consensus-building. With consensus, the United Nations is a powerful force for peace, and with consensus, the United Nations has achieved many victories. Indeed, it was a "historic consensus" achieved at the first Special Session on Disarmament in 1978 that brought forward the 129-paragraph Final Document which set out a com-

prehensive program for disarmament. Without consensus, the voice of the international community is blurred and indistinct, and the United Nations seems helpless before the onward march of events.

Consider the nature of the United Nations. It is composed of 159 countries, ranging in size from states with a population of less than my home city of Edmonton to those over one billion. Yet each in the General Assembly has one vote. Canada belongs to the "lucky few" that possess both wealth and democratic institutions. However, we well realize that without the co-operation and collaboration of Third World states, which belong to the great majority, little can be accomplished.

For many Third World countries, the mundane imperatives of survival — food for their populations, relief from debt, resources for development — take priority over what many of them see as abstract Western preoccupations on arms control.

A further complication is the role played by the Eastern European countries who, for deeply-rooted ideological reasons often underestimated, are inclined more to conflict than to collaboration with the West. In these circumstances, the wonder of the United Nations is that a common voice is found at all.

The actual process of resolution-making is exceedingly complex, and the quantity of resolutions under consideration — 72 in the First Committee and well over 200 in the whole General Assembly this fall — makes the process even more complex. Often the resolutions compete and conflict, and compromise is not always possible.

The General Assembly is a forum for debate, and resolutions are the instruments of that debate. Competition and co-operation are always in delicate balance. The Canadian objective is to synthesize, to bring together. In short, the Canadian objective is to seek consensus. Consensus is not sought at the UN for its own sake, but because only through consensus is it possible for the international community to express a common desire to achieve a common goal.

I want to focus on three areas where the United Nations succeeded this fall (in all three areas, Canada played a leading role):

(1) *Outer space*: The Canadian role in outer space matters is longstanding. In the Sixties the Honourable Howard Green, as Secretary of State for External Affairs in the Diefenbaker government, was a chief architect in negotiating the Partial Test Ban Treaty which prohibited weapons-testing in outer space. More recently, there have been Canadian technological achievements such as the Canadarm on the space shuttle and the Anik series of communications satellites. The Department of External Affairs has undertaken to apply this expertise to the arms control aspects of outer space and, in 1984, commissioned Spar Aerospace to study the feasibility of space-to-space surveillance as a means of verification.

Canada's objective at the United Nations is to encourage talks aimed at limiting outer space as an area for military competition and prevent the weaponization of space. We believe that the common, collective voice of the international community would assist in this endeavour and that such talks should take place at the Conference on Disarmament (CD), the multilateral negotiating forum in Geneva, where Canada is one of the 40 participating nations.

The outcome of the resolution-making process was a success. Negotiations in which Canada played a leading role produced a resolution around which virtual consensus was achieved that expressed the desire of the international community for talks to begin in the CD. Much more will need to be done before actual negotiations take place, but the adoption of this resolution is a clear step forward. The bilateral talks between the USA and USSR, which are complementary to those taking place in the CD, will also have to be taken into consideration.

(2) *Comprehensive test ban*: The achievement of a nuclear test ban treaty has also been a Canadian priority. There are many pitfalls, some technical, others political. On the technical level, the actual monitoring of a test ban to ensure compliance remains a problem still not completely resolved; on the political level, negotiations between the UK, USA and USSR were broken off after the invasion of Afghanistan in late 1979 and have not yet resumed.

Canada believes, however, that a comprehensive test ban is a concrete, realistic – and realizable – measure which would constitute a major step in curbing the arms race. We believe, furthermore, that the way to achieve it is through realistic, step-by-step practical measures in the CD, such as in the area of verification, that would bring closer the day when a test ban could be implemented. Canadian strategy in this area is to concentrate on the UN process.

With Canada as co-sponsor, a resolution was developed that would permit the Conference on Disarmament to resume immediately its substantive work on a test ban. After complex negotiations, this resolution was also passed by a large majority; this will ensure that work will continue in Geneva towards the negotiation of a test ban treaty.

(3) *Chemical weapons*: One of the few, substantive resolutions before the United Nations that unites all countries, East and West, North and South, relates to chemical weapons. Canadians have experienced firsthand the use of chemical weapons, and the memory is indelible. The Iran-Iraq war serves as a grim reminder that these weapons are still with us.

Negotiations in Geneva continue to grapple with the problem of ensuring that any ban on chemical weapons will stick; the full weight and encouragement of the international community for the negotiations would contribute to success. In 1983, under Canadian chairmanship, the *Ad Hoc* Working Group on Chemical Weapons of the Committee on Disarmament (now the Conference on Disarmament) produced, for the first time, a consensus document which contained major elements required for a comprehensive treaty and clearly outlined those areas in which there was agreement or disagreement. Canada, as one of the 40 members of the Conference on Disarmament, continues to participate actively in the negotiations in Geneva and also supports the efforts of the UN General Assembly and the Secretary-General to ensure that the existing 1925 Geneva Protocol is not being contravened.

At this past session of the First Committee, Canada and Poland shared the challenge of constructing a UN resolution that would give unified voice to this encouragement; again our collaboration proved successful, and the unanimous support of the United Nations for these negotiations was confirmed.

Canada can be proud of these achievements, and others as well. At the October pledging conference of the World Disarmament Campaign Canada's contribution of \$100 000 constituted one third of the amount pledged by all countries; so great is our commitment to education on peace and disarmament issues. At this session of the First Committee, of a total of 64 resolutions that came to a vote, Canada co-sponsored 13, voted in favour of 36, voted against 14 and abstained on 14. Each resolution was considered on its own merits, bearing in mind our desire to seek consensus. However, we should perhaps look at the areas and issues where consensus — or near-consensus — was not possible, or where controversy or the complexity of the issue raised deeply troubling questions.

(1) *Nuclear freeze*: No consensus was possible on the concept of a nuclear freeze, which expresses the desire of mankind to be free from the fear of nuclear war. The idea of capping the nuclear arms race and reducing the enormous number of nuclear weapons in current arsenals is, of course, attractive.

Three freeze resolutions were introduced. A Soviet proposal called on all nuclear states to freeze their nuclear arsenals. A Swedish-Mexican draft urged the Soviet Union and the United States to proclaim an immediate nuclear arms freeze as a first step towards comprehensive disarmament. An Indian draft called on all nuclear-weapon states to agree to a freeze on nuclear weapons and stoppage of any further production of nuclear weapons and a complete cut-off in the production of fissionable material for weapons purposes.

The Soviet proposal passed with 95 yes votes, and 18 no and 13 abstentions. The Swedish-Mexican proposal passed 111 yes, 12 no, and 7 abstentions. The Indian draft passed 110 yes, 12 no and 9 abstentions.

Canada voted no on all three, the government stating that mere declarations of a freeze are not a meaningful response to the nuclear danger. Rather, as the government has said many times, Canada wants the immediate, unconditional resumption of negotiations on reductions. A return without preconditions to meaningful, bilateral negotiations between the United States and the Soviet Union, which take into account the legitimate security interests of both sides and with adequate verification measures, constitutes the most realistic means of reducing nuclear arms.

Thus, Canada's vote reflected the genuine doubt about the practicality of the concept of the freeze as it is currently being advocated. Declaring a freeze rather than negotiating one would inevitably raise numerous and likely intractable problems about definitions, exclusions and inclusions. The negotiation of a freeze would be as intricate and as prolonged as would the negotiation of reductions.

Nonetheless, the voting patterns this year indicated that further study is needed to find a resolution which would have the effect of stopping the nuclear arms race without locking in unacceptable superior positions at different levels of armaments. The diverse votes of the Western countries reveal that a debate is under way to find the correct course leading to collective security at lower nuclear levels. In the Swedish-Mexican proposal, two North Atlantic Treaty Organization (NATO) countries Denmark and Greece, and Australia voted yes; four NATO countries, Iceland, the Netherlands, Norway and Spain were among the seven abstentions.

It should be noted however, that the majority of NATO countries and all Canada's major economic summit partners voted against the freeze resolution. Canada will continue to think about this issue and it will obviously be considered within the context of the upcoming foreign policy review.

(2) *Prevention of nuclear war:* Preventing nuclear war would seem an objective universally shared, and one which it would be easy to reach consensus in the United Nations. This did not prove to be so. The reasons are varied and serve as an object lesson on what is — and is not — possible at the United Nations. A draft resolution co-sponsored by Canada and our European allies sought to put prevention of nuclear war within the context of preventing all wars, and within the framework of the United Nations Charter. Some of the more radical non-aligned states sought to turn the issue of preventing nuclear war into a critique of Western security policies and alliance relationships and, regrettably, efforts to reach a consensus had to be abandoned. A substantive and balanced discussion of an issue of central concern to the international community was thus put aside as the result of ideological conflict (as well as posturing) at the UN.

(3) *Nuclear winter:* Canada's role in the "nuclear winter" debate provides an object lesson in the difficulties of obtaining consensus at the UN.

A year ago, more than 100 scientists endorsed a study headed by Professors Carl Sagan and Paul Ehrlich, projecting that a nuclear outbreak between East and West, in addition to the human casualties, the total of which might approach half the population of the world, would so damage the environment as to produce a "nuclear winter". The scientists said that a damaged ozone layer would leave a global wasteland where survivors would starve and freeze on a planet without sunlight, the air filled with toxic chemicals and penetrated by dangerous ultraviolet radiation. Under this hypothesis, a small drop in over-all temperature on the Canadian prairie would virtually end any viable farming. The Canadian government commissioned the Royal Society of Canada to examine the nuclear winter theory; a report is expected this month.

It should be remembered that the Sagan-Ehrlich study has not met the unanimous support of scientists. Some are not convinced of the gravity of nuclear winter. In an effort to have all pertinent studies on this important subject brought into the UN for further dissemination, the Canadian delegation attempted to develop a consensus vote, which would give added weight to the nuclear winter material.

A draft resolution, introduced by Mexico, Sweden, India, Yugoslavia, Pakistan and Uruguay, accepted nuclear winter as a foregone conclusion and called on the secretariat to compile a document consisting of excerpts from national studies. When the spokesmen for this draft advised that it was not open for amendment, Canada introduced a similar resolution.

Canada's resolution was not intended to undermine the Neutral Non-Aligned (NNA) resolution; we proceeded with our draft because we believed the scope of the resolution should be broader and should also include the climatic effects of nuclear war, including nuclear winter. We also believed that the resolution should not attempt to prejudge the studies that countries might be asked to submit to the UN. The western co-sponsors of the Canadian resolution, the Federal Republic of Germany, Japan and

Belgium, authorized the Canadian delegation to negotiate to find the basis for a consensus draft. Our delegation succeeded in negotiating a text with NNA sponsors and believed it had reached agreement. This however, turned out not to be the case, and a small but significant element of the Non-Aligned leadership objected to confining the compilation of the secretariat's report "within existing resources".

Due to our serious interest in maintaining the scientific integrity of the UN's approach to this important question, and bearing in mind the financial implications of the resolution, we put forward a number of amendments designed to improve and strengthen the resolution in order to achieve consensus. Unfortunately the NNA did not agree, and on this point, negotiations floundered.

Though the possibility of achieving consensus was lost, Canada voted for the non-aligned resolution, even in its weakened state, so great is our concern about spreading knowledge about the possible effects on climate of a nuclear war.

I have come back to Canada from this fall's activity at the UN with a heightened sense of concern and yet with a feeling of hope for the future.

The UN is an imperfect institution, to be sure. But it reflects the "atmospherics" of our time. These atmospherics are dominated by the sense of antagonism and mistrust between East and West, which spill over into the various sets of multilateral relationships. There is too much confrontation in the UN debates, not enough co-operation. The process of consensus, as I learned, is an easy victim. And it is the people of the world who are the losers.

I am not daunted by the consensus and communication breakdown at the UN, holding as I do to the belief that peace in the world requires much more than UN resolutions. But the UN is, nonetheless, a vital instrument in producing strategies for security and stability.

What the UN needs most of all is to be infused with the political will of the major countries, determined to implement the program of action which all countries agreed to at the tenth Special Session of the General Assembly in 1978, the first special session devoted to disarmament.

What now of 1985?

The new year will start auspiciously with talks in Geneva between Secretary of State Schultz and Foreign Minister Gromyko. We must hope that this event will open a new door to genuine negotiations on the reduction of all nuclear weapons and on the prevention of the weaponization of space.

The third Review Conference of the Non-Proliferation Treaty will be held in September. This conference cannot be allowed to fail if we are to ensure that the spread of nuclear weapons does not extend horizontally to other nations. In recognition of the importance of non-proliferation and the upcoming Review Conference, the United States and the Soviet Union have just announced that they will hold regular semi-annual talks on nuclear non-proliferation. This agreement formalizes what has been an informal practice since 1982. Canada recently had bilateral consultations with the Soviet Union

during which the NPT Review Conference was discussed at length. We will be taking up this issue again with the Soviets in the spring.

NATO, under the new leadership of Lord Carrington, will doubtless take note of the new, important document "Managing East-West Conflict", issued by the Aspen Institute and signed by two dozen distinguished world citizens and former leaders. Holding that only the consistent application of will and courage can enable East and West to gain true security, the Aspen Report says: "...the search for positive alternatives to deterrence should continue, hand in hand with attempts to strengthen and stabilize deterrence".

Canada will continue to press for realistic steps to enhance security in the many diverse forums that are open to us. In this exercise of Canadian political will, it is my hope that public opinion will express the common desire of the government and the people to gather around a national security policy that has as its preeminent goal, the prevention of all war, particularly war between the East and West, in the nuclear age. That is the goal that will unite all Canadians in the search for peace and disarmament.

I close with three small experiences this fall that, truth to tell, made a greater impact on me than many of the lengthy speeches I heard.

One night at a dinner party, I was seated at a table of UN diplomats who, after fighting with one another all day, enlivened the party with common stories about their children and grandchildren. The antagonists by day became the proud parents by night.

When I finished speaking to a Baptist peace convention in Port Hope, Ontario, a number of young people approached me to ask what specific areas of my work as Ambassador for Disarmament I wanted them to pray for.

I received a letter from a young mother who, expressing her deep concern about the nuclear escalation, said she was nonetheless happy to be having another baby to manifest her hope in life itself.

Peace is not just the result of United Nations' strategies. It is the result of the love we carry in our own hearts.



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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

Statement by Dr. Jim Hawkes, Canadian Representative to the Third Committee at the Thirty-ninth Session of the United Nations General Assembly, New York, December 6, 1984.

Member states will know that the Canadian political tradition is a democratic one that involves vigorous open debate between opposing political parties who are constantly vying for the responsibility of becoming the government. It is the Canadian voters who decide and governments are changed from time to time. What does not change, will not change, and has not changed even though we have changed the political party which governs, is the very strong commitment of the Canadian people and therefore their governments to the definition, expansion and protection of human rights.

It is the cornerstone of our belief in the protection of human rights that rights must be vested in the individual. If that belief is to become a reality then the individual must have access to resources and mechanisms that constantly encourage the individual to challenge both our laws and our administrative practices. This system works for us. It is not a system that we view as perfect but one that seeks perfection through constant evolution brought about by our commitment to supporting and encouraging the individual to challenge our practices. It is a system which attempts to ensure that the government of the day respects not only the rights of the majority, but perhaps more importantly the rights of minorities. We constantly seek to avoid the potential for tyranny that lies in any part of our system that might encourage those responsible for governing to believe that a state's responsibilities are so important that individual rights can be trampled on. History tells us that in situations of that kind sooner or later the people rebel and the situation is ultimately changed. But far too often blood is shed, lives are lost, families and communities are destroyed when the only redress available is armed confrontation.

It is our view that evolution is preferable to revolution and we enter into this debate today in the hope that our comments might be helpful to the international community as we seek progress by working together in our search for better human rights standards, and more effective means of ensuring the implementation of these standards.

In looking at our modern world from a human rights perspective, it is not difficult to conclude that the most massive violations of those human rights responsibilities inherent in the United Nations Charter and the Universal Declaration of Human Rights occur in states that have or tend towards totalitarian systems. During these periods when such states face any type of armed resistance then violations of these human rights and freedoms tend to multiply at a rapid and very disturbing rate.

Systems which encourage individuals to dissent freely and openly with their governments tend to produce governments that are the best protectors of the rights enshrined in the United Nations Charter. Respect for those who dissent from us politically breeds a healthy respect for the right to be different

in other spheres, and thus we progress. Governments which lose too much of their sensitivity to the right of individuals and minorities may be replaced but the process is peaceful, and human rights are strengthened rather than diluted.

In many ways, our United Nations General Assembly provides us all with a concrete visible example of the wisdom of this perspective. In this committee, each member state, rich or poor, powerful or weak, new or old has one vote. We have the absolute freedom to express our point of view, to debate strongly and sometimes at length with each other. Sometimes we make decisions on the basis of majority votes but individual states remain free to dissent and to protect their individuality. For 39 years we have proceeded in this fashion, sometimes in nine or more fora simultaneously. Our evolution is so far bloodless, and yet we progress not as far or as fast as we sometimes think we should; not always in the direction that some of us would like to see; almost never with the feeling that we have solved a problem perfectly or even permanently. But we do go forward, we do change, and we do have reason to be thankful that this General Assembly does exist and that we are party to what it can teach us and to what it can do for the people we represent.

Setting human rights standards by further elaborating and defining rights in declarations and conventions has been an on-going task of the United Nations. This process of standard setting is now at a relatively mature stage. It is a process which demands time, expertise and sensitivity to a wide variety of cultures, legal systems and linguistic differences. Important work on the elaboration of standards is proceeding, notably work on a convention on the rights of the child and a declaration on the rights of minorities, to name only two. Also, important work has yet to begin on a draft declaration on the right and responsibility of individuals, groups and organs to promote and protect human rights. My government supports this work of developing human rights instruments which provide standards as well as a legal framework for the protection of human rights.

In the years ahead however, my government would like to see more of our energy turned toward solving the problems of the implementation of human rights standards and to the amelioration of the sufferings of the victims of human rights abuses. These problems can be approached in two ways: the one approach is thematic, considering types of human rights violations; the other is through consideration of situations in specific countries.

There have been significant developments in the past year in the thematic approach to human rights violations. Of note has been the recent debate on totalitarian ideologies. The United Nations began in the aftermath of the appalling extremes to which totalitarianism led and sadly it is not solely a phenomenon of the past. My delegation will continue to follow with great interest the deliberations of the United Nations on this issue.

The marked increase in declarations of states of siege and their extension for prolonged periods has attracted the attention of the United Nations. The suspension of civil and political liberties, often by fiat, is a matter of concern to my government and we look forward to the report on this issue which has been requested by the Commission on Human Rights.

The United Nations has established mechanisms to deal with specific types of human rights violations. The Working Group on Enforced or Involuntary Disappearances is a sound mechanism for dealing with the tragedy of disappearances. The families of those who have disappeared are helped by this work and my government was pleased to endorse the renewal of the Working Group's mandate. But we look forward to the day when this Group is not needed.

My government also supports the work of the Rapporteur on Summary and Arbitrary Executions. We continue to believe, however, that a permanent and effective mechanism should be developed in order to combat the practice of summary executions.

Finally, the Commission on Human Rights recently began consideration of the problem of those who are imprisoned when their opinions differ from those of their government. This seems to us to be an area where the international community can develop effective mechanisms which will ameliorate violations of the right to freedom of expression and opinion.

These examples reflect a few of the recent efforts of the United Nations to deal with human rights violations through a thematic approach. A second approach to the problem of the implementation of human rights standards is the consideration of specific country situations. Situations of gross and systematic violations of human rights exist in many states. The United Nations, in co-operation with the states in question, has a role in working to improve respect for human rights.

My government wants peaceful change in situations where human rights are violated. The United Nations has a constructive role to play in encouraging governments to take the steps necessary to improve respect for human rights within their territories. Reports which expose the violations which have taken place can play a part in convincing governments of the need to change. However, we must also support, encourage and publicize any efforts which reveal an intention to respect human rights and which represent a beginning, however tentative, along the path to full implementation of the standards of the Universal Declaration on Human Rights. Change can only occur when the political will of the government in question is mobilized to effectively promote and protect human rights. Condemnation can lead to the isolation of a state and its retreat from co-operation with the United Nations. Canada does not believe that such isolation is conducive to eliciting the improvements we seek.

The situations of violations of human rights in Chile, El Salvador and Guatemala are once again before us in the reports of the special rapporteurs and the special representative of the Secretary-General. Last year, Canada expressed concern about the bias inherent in reviewing the situations in three countries from one geographical region. However, there now exists a better balance in the reports available to the United Nations on specific countries. At its forty-first session, the Commission on Human Rights will consider for the first time reports on the situations in Iran and Afghanistan and will also take action on the report on the situation in Poland which was reviewed at the last session. In connection with this, my delegation urges the governments of the countries concerned to co-operate fully with the representatives of the Secretary-General who have been appointed to prepare the reports.

My delegation would like to commend Professor Ridruejo for his report on the situation in El Salvador,

document A/39/636. He presents us with a balanced, factual and analytical report. My government is pleased to note that the special representative believes the government of El Salvador to be sincerely concerned about improving the human rights situation in that country. In particular, we could encourage the government to fulfil its stated commitments to investigate past human rights abuses, to reform the judicial system and to continue to pursue social and economic reform. The effective implementation of these policies is, in our view, crucial to improving the enjoyment of human rights in El Salvador.

However, we remain concerned that, as the special representative notes, a gap persists between these intentions and the government's ability to achieve results, although this gap has narrowed in recent months. Indeed, the number of violent deaths associated with human rights abuses has decreased. Nonetheless, the total still remains alarmingly high. Many of the violations are directly related to the violence perpetrated by both the armed forces and the guerillas in the civil strife. For this reason, my government welcomes the open and high-level dialogue which has been initiated between the government of El Salvador and the guerillas. We therefore strongly urge the government and the guerillas to take further positive steps, not only to decrease the intensity of the conflict, but to resolve it completely so that the people of El Salvador can live in peace and contribute productively to the development of their country.

The report on human rights in Guatemala, document A/39/635, does not paint an encouraging picture. The report is largely a series of observations on particular topics, as the special rapporteur himself notes. Nevertheless, the reader cannot avoid drawing the conclusion that violations of rights to freedom of movement and personal liberty continue to be serious, particularly for the indigenous populations.

We are pleased that the government of Guatemala has granted an absolute pardon to all persons convicted by the abolished special tribunals. We are further pleased that the government has now provided the special rapporteur with a list clarifying the fate of many who were tried by the tribunals. We encourage the government to publish this list.

There are others, however, whose fate must yet be clarified — those who disappeared or who have been improperly held by the police. My government, therefore, welcomes the consultations between the government of Guatemala and the Grupo de Apoyo Mutuo which represents the families of disappeared persons. We encourage the government of Guatemala in its commitment to provide support to this group dedicated to locating disappeared persons.

Continuing disappearances remain a great concern to my government. The special rapporteur notes that four groups are responsible for these disappearances — the security forces, the guerillas, common criminals and other organizations consisting of off-duty police and military and right-wing political groups. We encourage the government in its efforts to prevent lawless elements from perpetrating such acts, and we are pleased that the government has helped to bring to light, through co-operation with the special rapporteur, the abuses which have been committed. However, the participation of government forces in the disappearance of their own nationals is both profoundly disturbing and a most serious violation of the responsibility of member states of the UN to protect human rights. The government must begin by restraining its own forces from such acts.

Of equal concern is the notable increase in urban violence in Guatemala. We urge the government of Guatemala to stop this violence and bring to justice those who are responsible, including those who are members of the military. Recourse through due process of law is an essential step along the path toward respect for human rights. The independence and the effectiveness of the judiciary lie at the heart of a government's commitment to promote and respect human rights. Without an independent judiciary, the proposed new constitution will remain a hollow document unable to guarantee the full enjoyment of civil and political rights.

While there remains a great distance to travel before human rights are fully enjoyed in Guatemala, my government would like to thank the government of Guatemala for its full co-operation with the special rapporteur. This co-operation is a sign of respect for the concerns of the international community which charged the rapporteur with his mandate. Through this co-operation we have the opportunity to work together to bring about the needed improvements in Guatemala. We therefore hope that the next report will be able to reflect substantial improvements in the respect accorded human rights in Guatemala.

I noted earlier that international condemnation can isolate a state. However, a state may choose to isolate itself. Both these factors apply to some extent with the case of Chile. My delegation continues to be distressed that the government of Chile refuses to co-operate with the special rapporteur. Certainly, the rapporteur has produced a thorough report, based on information which has been made available to him from sources outside of Chile, and he has made useful recommendations. However, without the co-operation of the government of Chile, the United Nations remains unable to fully encourage and support the improvements necessary. We, therefore, appeal to the government of Chile to demonstrate its intention to fulfil its Charter obligation to promote and protect human rights by extending full co-operation to the special rapporteur. As a corollary, however, we equally appeal once again to member states to the Commission on Human Rights, to consider the situation of human rights in Chile under item 12 of the Commission agenda along with the consideration of the situations in El Salvador, Guatemala, Iran, Afghanistan, Poland and other countries.

Our appeal is an effort to break the deadlock which exists in consideration of this situation. Our appeal is not based on satisfaction that the situation in Chile has improved. The special rapporteur, in fact, notes that the situation with regard to the protection of fundamental human rights and freedoms in Chile has continued to deteriorate. The recent declaration of yet another state of siege in which civil liberties have been suspended, and the recent widespread detentions of large numbers of individuals have not alleviated our concern. Our concern, however translates directly into a desire for peaceful change, for human rights to be fully respected in Chile. We therefore urge the government of Chile to take all steps possible to rescind the state of siege at the earliest date and to permit a resumption of the peaceful process of return to democracy.

We have commented upon the reports concerning the situation in three states where systematic and flagrant violations of human rights occur. But human rights violations are not restricted to these few countries. I would challenge any state in this room to claim with impunity that human rights are fully protected *and* realized within their borders. We all fail in some respects, my own country included.

Most of us can point to impressive national constitutions and extensive domestic legislation to protect rights, both civil and political and economic, social and cultural. But it requires a genuine and persistent political will to implement human rights provisions. And when we fail, there must be recourse through both national and international procedures to protect and promote respect for human rights.

The Charter of the United Nations has clearly made human rights a legitimate subject of international concern and debate. The United Nations will continue to articulate international standards against which we can measure the achievements of states in promoting and protecting human rights. We have created mechanisms designed to monitor our efforts to realize these standards. The challenge for the next few years will be to further develop the implementation mechanisms that will better encourage member states to achieve these standards.

In concluding, my delegation would like to propose three objectives to guide the work of the United Nations to promote the implementation of human rights standards. The first would be to encourage wider ratification of the existing instruments, particularly the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights. These instruments are the basis of efforts to promote and protect human rights. The second objective would be to strengthen procedures for the implementation of human rights instruments. As I have already said, recourse through national and international procedures is essential for the protection of rights. And the third objective would be to balance the concentration on particular country situations with the study of types of human rights violations, and the development of mechanisms to redress these.

It is the view of my delegation that these objectives could provide useful signposts for the work of the United Nations in human rights for the years ahead. What remains however will be to fire our political will, both individual and collective, to implement these standards. Let us all rise to meet the challenge of creating a world where the full dignity of each individual can be realized.



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NEW CLIMATE FOR INVESTMENT IN CANADA

Notes for a Speech by the Right Honourable Brian Mulroney, Prime Minister, to the Members of the Economic Club of New York, New York, December 10, 1984.

...I would like to stress at the outset that, as Prime Minister of Canada, I place the highest priority on retaining good relations between Canada and the United States.

President Kennedy once described the relationship between our two countries in this way: "Geography made us neighbours, history made us friends, economics has made us partners, and necessity has made us allies."

My government has just embarked on a new direction, one which I believe will instill in Canadians a new sense of national purpose; a direction which will restore Canada as a more dynamic force in the international community; a direction which will put our economy firmly on the road to economic renewal.

Tonight I want to talk to you about that new direction, and share with you the goals and hopes that we in Canada have set for ourselves.

It is my fundamental belief that the challenge to our two countries is to improve and strengthen the mutual benefits from our roles as friends and partners. To this end we must minimize friction, remove needless irritants, and maintain a healthy and vigorous relationship based on mutual understanding, constant and open communications, and a respect for our individual needs and interests.

In 1983 there was a national convention of my party, at which I sought and won the party leadership. During the campaign that preceded the convention, and in my speech to the convention, I pledged to re-establish that special relationship of trust with the US and with all our allies.

Three months ago, there was a general election, in which I repeatedly stated my intention as head of a new government to restore harmony and co-operation with the US. Last month, when Parliament reconvened, the Speech from the Throne underlined not only the importance of this relationship to Canada's security and prosperity; it pointed out that the source of our relationship lies in shared values and wellsprings of trust between two peoples. In the minds of some Canadians, such statements are tantamount to servility. Simple acts of friendship are ridiculed because they are instantly equated with a loss of sovereignty. By and large, Canadians are unimpressed and unmoved by these reactions.

The statements that the new government have made were overwhelmingly endorsed by the people of Canada who, with maturity and strength, have made it known they wish the Canadian-US relationship to be a privileged one, as befits true friends and trusted allies. Our purpose is noble, our course is

clear: two sovereign democracies, sharing the same continent, have much that will benefit each other and even more that will enhance the cause of a durable peace in the world.

Because of your enormous size and influence, the government of Canada must always be vigilant to ensure the protection of our integrity and interests. This government shall enhance Canada's sovereignty and independence at all times and in all circumstances. We shall do so with strength and resolve — in a manner free from malice — in the certain knowledge that a stronger Canada can contribute to a more equitable world.

I have had two excellent meetings with President Reagan, who has shown a great warmth for Canada and a deep understanding of our problems. He has quite properly pointed out the enormous benefits that accrue to both sides from a sound association and has committed his Administration to resolving many of those matters that trouble us both.

Many US citizens are aware of the similarities between our two countries: a common heritage of individual liberty, shared democratic values of freedom and justice, vast commercial links, an immense geography spanning a continent with an open and undefended border. Today the most noteworthy measure of our relationship is in our economic ties — in investment, in trade, in technology flows.

After all, almost one fifth of your exports go to Canada.

Canada is the largest trading partner of the United States.

The United States is the largest market for Canadian goods, services, and investment.

In 1983 total trade between Canada and the US exceeded \$90 billion (US). That amount exceeds more than \$27 billion (US) trade with Japan.

In 1984, Canada-US trade is likely to exceed \$110 billion (US). In fact, your trade with Canada exceeds total American trade with Germany, France, and Great Britain by almost \$34 billion (US) in 1983.

To put the matter in a different context, Canada is the leading trading partner of the US, and your second largest trading partner is not Germany or Japan but Ontario, a province of Canada.

The restoration of good and sound relationships between our two countries is clearly a top priority. This relationship, spanning 170 years of uninterrupted peace, billions in two-way trade and investment, and reciprocal agreements covering a multitude of subjects, is incontrovertible evidence to the world of a vibrant and mutually productive relationship. To all who seek a definition of peaceful association between nations I say look no further — it is unlikely you shall find a better illustration than the simple story of friendship and prosperity that has marked the evolution of our two countries over the years.

So how do we manage our bilateral affairs? I have suggested several initiatives, both to President Reagan

and to his cabinet colleagues. The most important of these is the yearly meetings with the president of the United States and the prime minister of Canada — a process already begun. For my part, I visited President Reagan in Washington very shortly after my election as prime minister. I am pleased to announce tonight that President Reagan has accepted my invitation to make a working visit to Canada in March 1985.

Second, regular meetings of senior ministers to be held alternately in the US and Canada.

Third, we favour an accelerated rhythm of bilateral parliamentary and congressional meetings in order to cover a wider range of topics of interest to our two countries, from steel imports to acid rain.

Fourth, our provincial governments can and should meet more frequently with their geographical counterparts in the state governments.

In addition there have been various proposals for new and improved institutional mechanisms for investigation, analysis and resolution of bilateral disputes, possibly modelled on the International Joint Commission. These are worthy of study. This does not suggest an exclusive or narrow focus in our involvement in world affairs. Indeed, in trade liberalization as in defence, disarmament and international development, we attach great importance to our role in sound multilateral institutions.

We believe these institutions offer us the best opportunity to exert a constructive Canadian influence on the international scene. There have been changes in Canada over the last decade. Canadians have come through a difficult period in their history. Canadians in the mid-1980s have a renewed sense of confidence in themselves as a nation. People across the country are persuaded that the future lies in working together. They used the power of the vote to express a strong desire for an end to confrontational politics in our dealings with each other in Canada. They voted for a start on a new era of conciliation and co-operation.

Canadians wanted the offshore impasse in Newfoundland regarding oil and gas resolved. It is being resolved now. Canadians wanted the West to have a full voice in Confederation. They now have it.

Last Thursday, I had a significant meeting with Premier Lévesque in Quebec City. The people of Quebec overwhelmingly supported our program of national reconciliation and economic renewal in last September's election. Let me tell you there is a new mood there. The people of Quebec are seeking to ensure that they now assume a full and unequivocal role in the affairs of Canada.

I want to tell you something about the financial state of Canada as we found it following our election on September 4. We found that the projected federal deficit for the current fiscal year was \$34.5 billion. And we found that, even assuming reasonable growth projections, the yearly deficit would remain between \$34 billion and \$38 billion between now and the end of the decade, adding to an already staggering national debt load.

Let me put this in other terms. In 1967, when our country celebrated its one-hundredth birthday, our

national debt represented \$4 000 for every Canadian family. Seventeen years later, the national debt represents \$24 000 per family.

And, by 1990 — only five years hence — If we do not take action now, the national debt will be the equivalent of every Canadian family owing \$54 000. And we inherited also an economy that has relegated to the unemployment rolls close to a million and a half Canadians.

There is no human tragedy more debilitating than that of a person unable to find gainful employment. My government considers the creation of jobs as its top priority. It is for us a moral imperative.

I need not dwell at length on the policies that created this situation in Canada. Simply put, at a time when the world economy was becoming more interdependent and open, Canada turned inward and interventionist.

In 1974 we started down this costly path with the Foreign Investment Review Agency, and in 1981, we continued this approach with the National Energy Program. Such a direction ignored the basic lesson of our history, namely that free and unfettered access to world markets has been a boon to strong and dynamic economic growth in our country. It was indicative of the misguided belief that regulation by politicians and bureaucrats was superior to the decisions of individuals and firms competing in the global marketplace.

At the same time that Canada was turning inward economically, we were also giving other signals that led our friends and allies to question our commitment to the international agenda. Our support for the North Atlantic Treaty Organization dropped to an embarrassingly low level, to the point that only tiny Luxembourg was contributing less on a *per capita* basis than Canada. We wound up with more cooks than gunners in the Canadian Armed Forces.

So these are the main reasons that my new government is so committed to rebuilding Canada's image in the world:

- as a free, tolerant and independent nation;
- as a reliable trading partner;
- as a good place to invest and do business;
- as a people committed to the entrepreneurial spirit; and
- as a nation that honours its commitments to its allies.

Our new government has embarked on a fundamental change in our economic direction. Our strategy consists of four challenges for this government, and for the Canadian people. Our first and most immediate challenge is to restore fiscal responsibility in the federal government.

Rising deficits have been recorded in each of the last ten years, and the legacy of these deficits is that our national debt is rising much faster than the economy is growing. Growth itself will not solve the structural imbalance between government revenues and expenditures. Restoring fiscal flexibility will require difficult decisions. And we have begun that process.

After only two months in office we were able to announce expenditure savings and revenue enhancement measures of over \$4 billion on an annual \$100-billion budget. This is a beginning.

The second part of our strategy for economic renewal is that we intend to redefine the role of government itself. Traditionally, government has had a much more activist role in Canada than in the United States. From railway building to television broadcasting to hydro development, government involvement has been a historical necessity in Canada, and it has been on the whole a positive factor in our national life.

Today's reality, however, is that government in Canada has become much too big. It inhibits and distorts entrepreneurial activity. Some industries are over-regulated, others are over-protected.

In the past, government has built up an intricate web of regulations, subsidies and other forms of intervention, which have become a major obstacle to adjustment and growth in the private sector. Getting the economy back on course means that we must adopt an approach that rewards entrepreneurship and risk-taking, and facilitates adjustment to the changing realities of new markets and technologies.

The third part of our strategy is that we must adopt policies that foster higher investment, greater innovation and increased international competitiveness. Investment contributes directly to the growth of output and employment, and is central to ensuring that Canadian business responds rapidly to new technology and new market opportunities. Greater innovation, enhanced productivity and increased competitiveness are essential if Canada is to compete effectively in the world marketplace.

Finally, the changes we are proposing are fundamental to the economic, social and political structures of our society. National consensus is essential to economic renewal. Our new national government can and will achieve that consensus with the provinces, labour, the private sector and others whose efforts energize our society.

Let me touch now on three areas in our strategy for economic renewal which impact directly on our relations with the US — trade, foreign investment and energy.

Trade is Canada's life blood. Our objective is to strengthen Canada's stature as a first class world trader. We intend to take a careful look at all federal government programs and policies to determine how industry can gain and secure access to markets. Protectionism is our mutual adversary. The longer-term upshot of protectionist tendencies in the United States, Canada and elsewhere would be to move against the trend to liberalization of access to national markets. In the short-term, restrictions on trade reduce real growth prospects in both the industrialized and developing countries. The implications for the latter are even more profound, and could have serious ramifications for international financial markets.

I know that the President is committed to keeping trade channels open. I share that commitment. Central to Canada's trade policy is a commitment to an open multilateral trade regime. We will continue to support a multilateral system and trade liberalization. We will work through multilateral organizations to keep the world trading system open. Protectionism poses a serious threat to world recovery and to international stability. It must be opposed, in your Congress and in our Parliament.

The government has given notice of its intention to address these issues, and their implications for Canada, in documents to be made public over the coming months. Canadians have some important, even historic, policy choices to make in the near future, and these choices will be the subject matter of public discussion led by the government.

The maturity and self confidence of our country make it possible for us now to confront issues in a realistic manner, and to examine options that a few years ago produced emotional reflexes that made rational discussion difficult. Nowhere is this more true than on the subject of our bilateral relations with the United States. The US has been and will be the dominant market for our exports.

By 1987, some 80 per cent of Canadian exports to the US will be duty free. Yet there remain some significant tariff barriers and a growing array of non-tariff measures which impede bilateral trade, including US buy-American provisions.

Proposals for attacking these barriers have included sectoral free trade arrangements, a variety of private sector recommendations for trade enhancement and secure market access. I exclude none of these from consideration.

Our desire to examine all approaches for closer economic co-operation with our major partner stems from a prudent and pragmatic judgment about how and where interests vital to Canada's economic development can best be served. We seek trading arrangements which provide fair but also secure access to the US market, unfettered by initiatives aimed at problems caused by other countries but inadvertently hurting Canadian companies.

Our status as a North American nation is a source of strength. We are mature enough as a nation and confident enough in ourselves to recognize this reality and to take pride in an amicable relationship with a neighbour as powerful as the United States.

The message to prospective foreign investors in Canada is the same message we send to our trading partners: a world economy more open and interdependent is in Canada's interest and every nation's interest. We want an environment conducive to dynamic growth in trade, investment and development on a global basis.

One immediate contribution to the creation of this climate is to change the Foreign Investment Review Agency. My government has just introduced legislation, the specific purpose of which is to close down the old agency and to put in place a new body called Investment Canada, whose mandate will be to encourage and facilitate investment in Canada. Only those foreign investment proposals that are of

major national significance will be reviewed. The new act will eliminate from review, with very few exceptions, all investment to establish new businesses in Canada.

Investment Canada will be governed by two fundamental operational objectives: first to facilitate investment in Canada; and second, to limit government intervention in the foreign investment area.

Our message is clear: Canada is open for business again. The government of Canada is there to assist — and not harass — the private sector in creating the new wealth and new jobs that Canada needs. You have the assurance of the government that Investment Canada will be administered in a fair and objective way.

I would like to say a few words about the directions we will be taking in the energy sector. Many Americans are unaware of the importance of Canada's energy sector to your economy. Canada is the largest exporter of energy to the US. We supply virtually 100 per cent of your natural gas and electricity imports. We are your largest supplier of uranium. We are your second largest source of oil, at a rate of 580 000 barrels a day, ahead of any OPEC [Organization of Petroleum Exporting Countries] country.

A healthy energy sector is essential to economic renewal. Energy investment accounts for 30 per cent of total business investment in Canada. The spin-offs to the rest of the economy from a healthy and expanding energy sector are enormous.

As many of you are aware, the goals of the National Energy Program [NEP] are commendable: its methods and its results clearly are not. Simply put, the NEP has failed to meet its three stated objectives of fairness, security of supply, and Canadianization.

Our immediate objective is to build a dynamic and growing energy sector. We want to reassure investors that Canada's energy sector offers outstanding opportunities to do business. We believe in the discipline of the marketplace.

We are undertaking now the consultations necessary to remove controls on oil prices in Canada. The same philosophy is being applied to our energy exports. Since November 1, for example, natural gas has begun moving south at market-oriented prices set by the buyers and sellers, not by the government.

There are already signs that, after several years of decline, our export volumes are re-establishing their historic market share. The value of natural gas sold to the United States in 1985 may be \$1 billion higher than it would have been under the old government-set pricing system. The market approach works.

We intend to make changes in the back-in, the Crown interest provision which reserves 25 per cent of all interests in the Canada lands for the government.

Canada was not built by expropriating retroactively other people's property. This practice is odious and shall not be followed by the new government of Canada.

Finally, in view of the major changes in the energy price outlook, we will be undertaking a comprehensive review of federal energy taxation. Our objective will be to ensure that appropriate investment incentives are provided in the taxation system. Canadianization remains an objective.

But the system must be fair — and it shall be — to all who invest in the growth of our economy.

There shall be one game — building Canada — and one set of rules. These shall not be changed after the game has started to the detriment of any of the players.

Canada is confronted with serious problems and brilliant prospects. Canada surpasses almost all others in the resources with which nature has endowed us. Our riches are not ours to dissipate and mismanage. They are, in a sense, a trust; and they place a special obligation on those who are chosen to govern our nation.

We must strive to achieve a standard of living that is second to none in the world. And we must share that prosperity with others who need our assistance. We owe it to our citizens to ensure opportunity, fairness and justice for all. And we must attempt to see these principles respected elsewhere in the world. We owe it to our friends and allies to carry Canada's fair share in providing for our collective safety and security. In short, Canadians have an obligation to help make the world a better and safer place. Not least, we owe it to ourselves to honour excellence and pursue it relentlessly. Canada must stand for the best in all fields of human endeavour. And we must be uncompromising in the pursuit of values that are the moral foundation of all great nations.

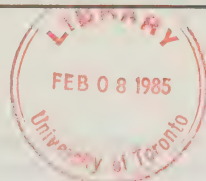
That is my dream for my country: a Canada fair and generous, tolerant and just.

I invite you to join with me in making it a reality.



Statements and Speeches

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STRENGTHENING THE UN SYSTEM

Statement by Stephen Lewis, Ambassador and Permanent Representative of Canada to the United Nations, to Plenary, United Nations General Assembly, New York, December 17, 1984.

Some 24 hours from now, this part of the thirty-ninth session of the General Assembly will conclude. It is therefore not the time for elaborate and lengthy speechifying. But my country cannot let this moment pass without making a few succinct and pointed observations.

To put matters quite simply, Canada is both weary and impatient with those who make a fetish of impugning the worth, legitimacy and relevance of the United Nations. It happens all too frequently outside this body. It even happens, on occasion, within. In Canada's view, the time has come to launch a concerted campaign to defend and to strengthen the United Nations. There is no better moment to start than in the fortieth anniversary year.

No one in this Assembly would deny that the United Nations, and many of its organic parts, have frailties. The litany of deficiency is well-rehearsed: time and again the detractors tell us that the polarization between the superpowers reduces the United Nations to impotence; that the rhetorical excesses are extravagant; that speeches and issues and arguments coagulate in the throes of repetition; that the institutional processes are antiquated; that the incremental changes are slow to the point of inertia.

To each allegation, there is, alas, some truth. There is some pardonable despair — one can understand the feelings of futility when behaviour at the UN turns to rancour or induces immobility. But to succumb to the allegations seems, to Canada, to miss the point on two fundamental grounds. First, the expectations are pitched too high. The United Nations, with the greatest will and idealism in the world, was never meant to be a panacea. It is an institutional arrangement within which individual nations operate, and the commitment and co-operation of each of its sovereign states delimits the measure of its effectiveness. Back in 1946, curiously, in his first report to the United Nations, the first Secretary-General, Trygve Lie, put it well: "The United Nations is no stronger than the collective will of the nations that support it. Of itself it can do nothing. It is a machinery through which the nations can co-operate. It can be used and developed in the light of its activities and experience, to the untold benefit of humanity, or it can be discarded and broken."

That brings me directly to the second point. The United Nations has obviously not yet scaled the heights of untold benefit to humanity, nor is it yet, in any sense, discarded or broken. The reality lies somewhere in between, and the reality is impressive indeed.

Just take a look at this session. Whatever the inevitable frustrations of individual member states, even at times over procedural matters like those of last Friday, we have had a General Assembly which galvanized itself around Ethiopia; passed, by consensus, a formidable declaration on the economic

crisis in Africa; achieved, by consensus, a potentially powerful convention on torture; accepted, by consensus, a resolution on international drug trafficking; and reached, as well, a consensus on outer space.

In other words, whatever the defects in process and substance, whether in plenary or in committee, the fact remains that this was a productive thirty-ninth session, reflecting urgent human concern, considerable vision, and practical measures of response. As such, it stands as a microcosm of the continuing United Nations response and experience.

That experience has, over the 40 years, nurtured the welfare of humankind. And that is why gratuitous, fashionable assaults on the United Nations, to diminish or to demean it, just will not do.

The various agencies, whether the United Nations Children's Fund, the UN Development Program, the World Health Organization or the UN Relief and Works Agency for Palestinian Refugees, represent all in all, the finest expressions of human aspiration and dedication. The triumph of international peace-keeping is one of those rare reflections of sustained international sanity. The prestige and influence of the office of the Secretary-General augur well for the future direction of this entire organization. Indeed, the present incumbent has won the trust of every member state — as well he might when one thinks of his skill and initiatives on Afghanistan, on Cyprus, on Lebanon, on Iran-Iraq, to name but a representative few. It is not so much a solution which is required here; it is rather the inspired knack of keeping doors open, countries talking, a vital process going. These modest initiatives help to keep the world on track when all around us there is menace, alarm and hostility. If the United Nations system did not exist, it would be somehow recreated.

To be sure, that section of the Charter which speaks to the most important goal of all — international peace and security — has proved the most intractable. If human survival is the ultimate *raison d'être* of the United Nations — and what else could be? — then we have, admittedly, a long way to go. But given all of the other cumulative accomplishments, 1985 should be seen as the year when we marshal every conceivable energy to encourage the superpowers to negotiate, to compromise, and to agree. The process appears to have started — we should now heed the words of the Secretary-General delivered so eloquently in this Assembly just last week.

None of this is meant to be sanguine. Canada understands just how tough and complex the issues are. And we understand, equally, that the United Nations is an easy target for invective, and derision. But the quality of the critique is fundamentally unsound — there is more villification than analysis; more axes to grind than hatchets to bury; and sometimes, silence from those who fear the future or favour the *status quo*.

The fortieth anniversary is surely the occasion to turn it all around, and to restore to the United Nations that central role envisaged in the Charter.

To do that it will be necessary to attempt some internal reforms. They will be difficult to achieve. We shall have to approach every aspect of process, of procedure, of structure, and of substance with

immense caution and sensitivity. Here my delegation pays tribute again to our Secretary-General. His three annual reports, individually and collectively, provide us with clear, relevant observations on many of the problems which beset this organization. More than that, he has offered constructive solutions. Those reports are the starting point for future work on ways and means to strengthen the role and effectiveness of the United Nations. This need not involve elaborate new structures or committees; that could even prove counterproductive. It might be best to begin with more informal contacts amongst interested member states to identify those areas of common concern which are amenable to improvement, and then to identify improvements of real consequence.

In his first speech to the UN Economic and Social Council, if I can harken back to the words of the first Secretary-General, Trygve Lie said: "While old problems will be solved, new problems will arise. The advance of science and the whims of nature and circumstances make that certain. But we are agreed to tackle our problems as we know them with stubborn and relentless energy. We will cross other bridges when we come to them." Now is the time to reinforce and then to cross those bridges.

Only this Assembly brings all of the international issues and all of the member states together. That is its unique role. Improvements here will have a telling impact on other United Nations bodies and on the difficult issues facing us. You, Mr. President, and I say this with heartfelt appreciation, have already instituted some much needed reforms in this Assembly. Let us continue that example. Perhaps now is the time to streamline our agenda and to eliminate routine, undebated items. Perhaps we should allocate more items from plenary to the committees. Perhaps we can arrange to have more current, less ritualistic, debates on individual items. Perhaps — dare I say — some repetitive items have exhausted their utility and can be dropped from the agenda. Perhaps greater use of informal contacts across regional groups would generate greater agreement.

The Charter begins with the words "We the peoples of the United Nations." Now is the time that we, the peoples of the United Nations, gathered here in this General Assembly, reflect on our past and, more important, tackle our future, particularly in the fortieth anniversary year, with that self-same stubborn and relentless energy to which Trygve Lie referred.



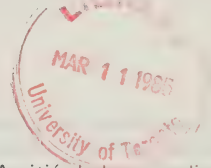
Statements and Speeches

No. 84/20

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THE LANGUAGE EXPERIENCE IN CANADA



Address by Maxwell Yalden, Ambassador to Belgium, to members of the Amitiés belgo-canadiennes-luxembourgeoises, Brussels, December 4, 1984.

...Among the many common interests that link our countries, there is one on both sides of the Atlantic that can easily become a passion, since it brings to bear such an influence on our identities and on our destinies. It is with this in mind that I would like to talk to you about Canada's language experience and the way in which it has coloured our political and social institutions.

Before I came to Brussels, I was for seven years Canada's Commissioner of Official Languages. In this capacity I paid two official visits to Belgium and was able to gain insight into the language situation here. I am fully aware, therefore, of the differences in our situations and of the fact that problems of this type cannot be reduced to mathematical equations.

Perhaps, however, what we have in common is more important than the differences between us. I am thinking especially of the fact that whatever approach is taken toward bilingualism, we are dealing mainly with a very human problem that must be handled with tolerance and a willingness to co-operate; without these there is no possibility of success. This is the reason we are searching for equitable solutions that show flexibility and pragmatism. It is in this spirit that I would like to describe what has happened and what is happening in Canada.

Let me first emphasize the element of continuity, which in my mind is of the utmost importance. As you know, as a result of the general election of September 4 the Liberal Party lost to the Conservatives, who were given a huge majority in Parliament. Some Canadians felt that this should herald the abandonment of a policy that has often been associated with former Prime Minister Trudeau. But the new government, and especially the new Prime Minister, Mr. Brian Mulroney, have pledged as firmly as their most committed predecessors to maintain and even to strengthen this policy of providing service in their language to our official language minorities.

Thus in the November 5 Throne Speech — a general policy statement given at the opening of a new session of Parliament — the Governor General stated that national unity required co-operation between the two levels of government to support the official language minorities and to promote the multi-cultural nature of our country. The government, he went on to say, was committed to respecting the equality of the two official languages enshrined in the legislation. Since this was vital to our originality and our identity as a country, it must be enshrined in fact as well as law. The cabinet ministers, he said, recognized the need to see continuous progress and to exhibit the vigilance required in this crucial area of Canada's national life.

For the new Canadian government, this was a clear reaffirmation of two principles that have been the generating force behind Canada's language experience for the past 20 years.

First of all, the federal government is responsible to not only respect the language rights in place in the legislation of Parliament and in the Constitution, but also to actively promote them.

Secondly, language policy plays a key role in maintaining the unity and national identity of Canada.

In order to place my subject in its proper context, I would like to briefly review a few points.

Canada's language problems are certainly not new. They began with European settlement in the New World and the joint occupancy of North America by the English and the French. At the time of New France, the fur trade had spread the French language throughout the continent. Conflicts were inevitable when the English merchants and traders arrived. This resulted in our first disputes over language, not to mention the political and military upheaval that occurred.

After the conquest, language continued to play an important part, both during the period when Canada was divided into two territories and after the Act of Union of 1840, which united the territories of Upper and Lower Canada. And, in a more current vein, the British North America Act, which established Canada as a federal entity and was our only constitution for the next 115 years, also contained measures relative to religion and education, factors that were closely tied in with language at the time, and to the use of French and English as legislative and judicial languages in the federal and Quebec institutions.

This all refers to the theoretical side of things. In actual fact, during the rest of the nineteenth century and even during the first part of the twentieth, Canada underwent a series of developments that had a profound influence on the lives of our official language minorities.

In Quebec, for example, most of the people were unilingual French, especially in the rural areas, while in the cities there emerged a class of bilingual francophones who conducted business, administration and politics with the unilingual English ruling class in the province or in Ottawa. Beyond Quebec, in New Brunswick, Ontario and the West, the francophone minorities were encountering increasingly serious opposition. It was not until the second half of the twentieth century that things began to change. In Quebec, the French-speaking Canadians became increasingly conscious of their identity both individually and collectively and began to defend their language and culture against the predominantly anglophone-based — or, more precisely, American-based — economy and technology.

From 1960 onward, the Quiet Revolution in Quebec began to increase the awareness of anglophones also. In 1963, the federal government created the Royal Commission of Inquiry on Bilingualism and Biculturalism "to recommend what steps should be taken to develop the Canadian Confederation on the basis of an equal partnership between the two founding races, taking into account the contribution made by the other ethnic groups to the cultural enrichment of Canada and the measures that should be taken to safeguard that contribution....".

The Commission confirmed that relations between French- and English-Canadians had reached a crisis level, and that the growing cultural segregation between the two language communities could no longer be tolerated.

On the basis of these assertions, the Commission recommended that the government adopt a large-scale program of intervention to strengthen and consolidate the bilingual character of the country as a whole. The federal government ratified most of the Commission's recommendations, and in 1969 Parliament adopted the Official Languages Act, section 2 of which reads as follows:

"The English and French languages are the official languages of Canada for all purposes of the Parliament and Government of Canada, and possess and enjoy equality of status and equal rights and privileges as to their use in all the institutions of the Parliament and Government of Canada."

It is important to note that this act rests far more on the principle of personality than on that of territoriality, a point I will return to later.

Among others, the act contains a series of related measures pertaining to the following:

- ways and means of promulgating official texts in the two languages;
- equal status for both versions of these texts;
- the public's right to be served in its own language;
- the obligation of federal departments and agencies to provide service in both languages;
- use of the two languages in a legal context;
- creation of the office of Commissioner of Official Languages, a sort of language ambassador who audits the government's adherence to the rights created by the act and generally serves as a spokesman on language questions.

On the recommendation of the Royal Commission, the government accepted two basic principles that were reaffirmed in the declaration it made a month ago: namely, the crucial importance of language rights for the country's unity and identity, and the important role conferred upon the federal government, even in an area such as education, which lies exclusively within provincial jurisdiction. For example, for the past 12 years the federal government has been supplying the provinces with funds to improve the quality and availability of instruction in the other official language.

The Official Languages Act is also based on the principle of "personality", by the fact that it guarantees to *all* Canadians the right to receive public service in either official language, as opposed to the principle of territoriality, which recognizes language rights by region of residence only. Herein lies one essential difference between Belgium and Canada.

Even in Canada though, individual rights and legal equality are secondary to certain criteria that fall within the concept of territoriality. One cannot expect to receive the same services in French in Vancouver that would be available in Ottawa, or the same service in English in Rimouski that one would receive in Montreal. In other words, the services provided by the federal government to Canadians in the language of their choice are limited by considerations of geography and demand.

These are the legislative and policy structures that sustain the Canadian effort to achieve language reform. I should add that the new Charter of Rights and Freedoms included in the Constitution of 1982 enshrines in the founding statute of Canada most of the provisions I have just described as being part of the Official Languages Act. As you know, the repatriation of the Constitution was a subject of much controversy in Canada, to say the least, especially in Quebec. But this is another subject altogether.

I have outlined the structures for you, but where do we stand in reality? What have we accomplished and what are the prospects for the future?

In order to answer these questions, we have to understand what is meant by the term "bilingualism". It is not a question of individual bilingualism, but one of official bilingualism. I do not expect all Canadians to be able to speak French and English equally well on the sidewalks of Edmonton or Montreal. Rather, it is a question of the government being able to provide its services in both languages.

What services are we talking about? Mainly, those at the federal level, within the institutions of the central government. This would include the legislature, the Parliament, the courts, the government departments and corporations, and the cultural institutions such as the state-run television and radio. Federal employees who speak the minority language should also be able to work in their language and to participate fully in the government which belongs to them as much as it does to the majority.

To this list I would add one significant provincial element, namely education. Without access to education in its own language, a minority language group has little chance of surviving.

Where do we now stand in regard to government services? What does the record of recent years indicate?

I feel that the record is relatively positive, and we are continuing to advance. Although there remains much to be done, 12 years after the adoption of the Official Languages Act, the federal administration is not the same institution it was before. More and more, Canadians are able to deal with the administration in their mother tongue. Participation by both language groups is more balanced. English and French are more respected than ever before in the Public Service. Provincially, although there are still some very serious shortcomings, it is a fact that access for the minority, especially the French-language minority, to education in its own language is substantially greater than it was 15 or 20 years ago.

All this, I should emphasize, does not mean that the battle has been won. Far from it. But I can say in all honesty that we are well on the way — and perhaps I am speaking here with the faith of a former Commissioner of Official Languages — and we have every likelihood of success.

As for the relationships between our different language groups and the likelihood of their expanding to all regions of the country, we do not yet know. I would not be honest if I told you that the census and other statistics gave cause for optimism. However, I must emphasize that there is among our minorities a vitality and a determination to preserve their rights and their language that I have seen myself and that transcends mere facts and figures.

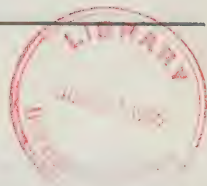
In terms of national unity, It would be presumptuous on my part to claim that language reform has saved the Canadian federation. However, I think I know where Canada would be today if we had not decided to try to redress the serious imbalances between anglophones and francophones.

Of course, there is still tension between regions, and the language tensions have not disappeared. How could it be otherwise in a country like ours? Only time will tell whether we can create a new and healthier unity based on respect for our two national languages. For the time being, I can only state that these rights must be recognized across Canada if we are to survive as a nation. Canada's newly-elected government is fully aware of this, and to me this is an element of continuity which, as I said at the outset, is very reassuring and encouraging.



Statements and Speeches

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TECHNOLOGY TRANSFER AND THE CANADIAN BUSINESS ENTERPRISE

Notes for a Speech by D. Stewart McInnes, Parliamentary Secretary for International Trade, at the Law Society of Upper Canada, Toronto, December 1, 1984.

...The production and sale of goods, as well as the provision of services, is increasingly enmeshed with technology. Technology is a very broad field. It encompasses what one writer has described as "the ability to put things together, to make them work, to develop and satisfy customers, and to do all of these efficiently".

Thus, technology may be represented by material items such as factories, machines, products and infrastructures. But it may also be represented by non-material items such as patents, technological information, or know-how. Sometimes, technology is even considered to include the wherewithal to use effectively the results of creative thinking, such as capital, manufacturing and purchasing information, assemblies, subassemblies, components, tools, test sets and the like.

Unless a turn-key project, or a consulting engineering contract, includes a transfer of technology, it may be difficult, if not impossible, to exchange goods and services. Technology may encompass virtually all industrial activity. It is vital, quite obviously, to Canada's economic growth.

For Canada, economic growth depends on trade. Nearly 50 per cent of all Canadian manufactured goods are exported. To the extent that an international sale of goods involves a transfer of technology, Canadian firms, to remain internationally competitive, must be assured of timely access to the best foreign technology. In fact, the vast majority of technology used in Canada is imported. Conversely, Canadian business has been, and will continue to be successful in developing technology. Canadian enterprise and initiative in exporting technology, whether to accompany the export of goods and services or alone, must be rewarded with an appropriate return on investment.

A wide range of national and international laws and policies has an impact on access to technology and return on investment. I would like to list some of the more important fora, before returning to each in slightly more detail.

First, members of the international community are engaged in dialogue in a number of multilateral fora. At the General Agreement on Tariffs and Trade (the GATT), increased attention is being given to whether the existing rules on trade in goods can respond to disruptive practices that could distort or impede technology and service exports and imports.

At the United Nations, dialogue between developed and developing countries, the "North-South dialogue", has been focused on achieving an appropriate balance between ensuring the South has access to technology so necessary to development, while ensuring the interests of technology suppliers

and innovators are adequately protected. Discussions continue on the development of codes of conduct on transfer of technology, and on transnational corporations.

At the UN Conference on Trade and Development (UNCTAD) and at the Organization for Economic Co-operation and Development (the OECD) attention has also been focused on encouraging transfers of technology in a manner that avoids the imposition of unnecessary, anti-competitive conditions on such transfers.

At the World Intellectual Property Organization (WIPO), developing countries have shown increasing concern that the international patent system may not be serving an optimum role in assisting them in acquiring new technology.

And at the Co-ordinating Committee, COCOM, Western countries maintain multilateral controls on the shipment of military and strategic goods and technologies to proscribed destinations.

The second category of fora is contained in Canada's specific bilateral relations with the United States. Few industries in Canada are not in some way reliant upon the US market. Almost three-quarters of Canadian exports go to the USA. Any further development of special trade arrangements with the States could affect technology transfers between our two countries. Bilateral exchanges of militarily critical or dual use technology are also affected by defence development and defence production sharing arrangements, and by bilateral arrangements for the administration and enforcement of export controls.

Thirdly, national laws and policies clearly have an impact on the transfer of technology. Canadian and foreign laws on competition policy, export controls, trade practices and incoming investment may affect, if not determine, the terms and conditions of an international transfer. The extent to which one country's laws purport to reach persons or conduct in the territory of another country must also be considered.

Let me return to each of these elements comprising the international environment in turn, to flag some of the more difficult trade policy issues facing us.

The GATT

The General Agreement on Tariffs and Trade, of which Canada is of course a member, sets out rules which govern the international exchange of goods. The GATT does not contain any specific rules for trade in technology. Nor does it apply, at present, to the area of trade in services. Accordingly, GATT rules do not apply to a range of business transactions that include the transfer of technology, such as contracts for consulting services, licensing of process technology, or the provision of other services.

Even without a precise definition of what may be encompassed by trade in "technology", it is evident that certain disruptive practices could distort or impede such trade. For example, national rules restricting foreign access to high technology may be justified for reasons of national security, for instance, but may also be imposed for commercial reasons. Conversely, barriers that inhibit exporters of foreign

technology from having access to domestic markets may be erected through public procurement policies. A government's support for research and development, through subsidies and related policies, may place foreign firms at a competitive disadvantage.

The increasing incidence of such practices, reflecting the reality of new protectionist sentiments amongst our trading partners, may be very damaging to Canadian interests. Consistent with our over-all trade policy, including our support for an open world trade regime, it would be desirable to improve multilateral trade instruments to take account of the special characteristics of technology. A broader consensus is needed, however, on the susceptibility of these technology trade issues to negotiation of an improved framework. If such a consensus is achieved — and I think it might be — technology and services trade will be part of a new round of multilateral trade negotiations in the GATT. There is growing international agreement to launch a new round in the not too distant future.

The UN code of conduct on transfer of technology

The United Nations' Draft International Code of Conduct on the Transfer of Technology has been the subject of discussion and negotiation for over nine years. At the request of the developing countries, discussions began in 1975 under the auspices of UNCTAD to devise such a code. For the proponents of such a code, and particularly the newly industrializing countries of Latin America and Asia, major objectives have included the following:

- first, to provide developing countries with increased control over the activities of multinational enterprises operating within their territories;
- secondly, to intervene in the international trade in technology by regulating restrictive business practices sometimes involved in that trade; and,
- thirdly, to increase developing country access to advanced technology that has been proprietary to enterprises, by increasing the flow of that technology and by reducing its price.

In the course of five sessions of the United Nations Conference on the Code, spanning a period of six years, agreement has been reached on the vast majority of the provisions of the Draft Code. For Canada, along with other Western countries, the development of an agreed upon set of non-binding guidelines would provide a general framework for internationally acceptable conduct by the enterprise involved and for regulation by involved governments.

A number of major issues remain outstanding. The question of the nature of the final instrument that will embody an agreed upon code has prevailed throughout the negotiations. Virtually all governments recognize that the code can only be viewed as a general framework for action at the national and international levels. However, there is not yet full agreement on the extent to which follow-up, monitoring machinery is required.

The precise scope of transfer of technology transactions to be covered by the code also remains unresolved. It is clear that the code would apply to technology that is transferred across national boundaries.

Some regional groups have proposed, however, that the code should also apply to transactions within one country. Under these proposals, the code would apply to domestic transactions between parties that do not reside or are not established in the same country, and between parties that are resident in the same country if at least one is owned or controlled by a foreign entity and the technology transferred has not been developed in the recipient country. For Canada and other developed countries, such an approach would alter the principle of national treatment. Different rules would apply to transactions according to the origin of the party involved.

While substantive agreement exists on the content of the restrictive business practices to be listed in the code, differences remain regarding criteria that should guide the application of the provisions.

Finally, no text has been agreed on in respect of applicable law and settlement of disputes. At the heart of remaining differences are questions related to choice of law. Developing countries would like to stress the importance of the public policies of the countries involved in the transaction, particularly those of the acquiring country which may eventually nullify the choice of law itself. The industrialized market economy countries have stressed the freedom of the parties to choose the law applicable to their contractual relationships, but have also recognized that a contractual choice of law does not affect the application of mandatory provisions of legal systems having a substantial connection with the transaction.

The next session of the Conference on the Draft Code of Conduct on the Transfer of Technology is scheduled for 1985. For Canada, the moment is at hand when the negotiations must be concluded. Failure at the next round could lead some countries to begin to reconsider their positions on parts of the Code already agreed upon. There is therefore a risk that progress to date may come undone, with the consequence of making agreement of such a code in the future unlikely, at best.

The UN Code of Conduct on Transnational Corporations

Paralleling the development of a Draft Code of Conduct on the Transfer of Technology has been work on a Code of Conduct on Transnational Corporations. Begun in 1977, the Code is designed to improve the international investment climate, and particularly the contribution of multinational enterprises to developing countries. Although again the vast majority of the Code is agreed on, there remain difficult issues relating to nationalization and compensation, coverage of state-owned corporations, and the relevance of current customary international law. The failure of the June 1984 negotiating session suggests that agreement on such a code is unlikely in the foreseeable future.

Restrictive business practices

I have already mentioned the fact that, particularly for the developing countries, restrictive business practices are seen to have an adverse impact on the international transfer of technology. Consider some of the terms and conditions which may attach to transfer of technology, such as:

- price (which may take the form of royalties and ownership dividends as well as lump sum fees);
- the structure of ownership and management control;
- rules and requirements related to exports;

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- restrictions on fields of use;
 - volume limitations;
 - sources and prices of purchased inputs;
 - restrictions on distribution channels;
 - quality control;
 - acquisition of competing technologies;
 - rights to related new technologies;
 - provisions for training local personnel;
 - duration of the arrangements;
 - rights of use after termination of the agreement.

In the view of many developing countries, the unequal bargaining power of the transferor of technology suggests that terms and conditions actually arrived at have often been discriminatory and restrictive. Some conditions are seen as anti-competitive extensions of the scope of intellectual property rights exercised by private companies, especially multinational enterprises. Others, such as restricted export market terms, are viewed as extensions of protectionist policies. In either case, in multilateral debate, the label of "restrictive business practices" has taken on expanded meaning for developing countries, to include the perceived effect that such practices may have on their economic development and trade.

On the other hand, the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, adopted by the UN General Assembly in December 1980 and administered by UNCTAD's Group of Intergovernmental Experts on Restrictive Business Practices, is generally couched in the framework of familiar competition policy concepts. These non-binding principles reflect concern over limitations on access to markets and over undue restraint of competition. UNCTAD is now engaged in taking these principles one step further, through the preparation of a model law on restrictive business practices. It is intended that this model law be based on broadly agreed on principles of competition. Thereby, it would provide a general framework available to countries in devising appropriate legislation to combat improper, anti-competitive behaviour. To the extent that principles in the model law would be consistent with the general lines of competition policy already reflected in the legislation of Canada and other Western market economies, the rudimentary beginnings of a reasonably uniform framework for the conduct of international business could be envisaged.

A conference to consider revisions to these Equitable Principles and Rules has been called for 1985, at the insistence of developing countries. Canada will seek to participate constructively in that exercise, but we have a number of concerns. Attempts to broaden the notion of restrictive business practices to include practices consistent with intellectual property rights but not having serious adverse effects on competition, would not, in our view, assist economic development. On the contrary, restrictions necessary to protect the legitimate intellectual property rights of suppliers must be maintained, for unless the innovator is assured of protection for his invention, he will have little encouragement either to go on inventing or to transfer it. Host countries, rather than home countries or an international body, should remain responsible for monitoring restrictive practices within their respective territories. Thus, whereas the development of a model law may be considered a type of "technical assistance" to developing countries in assisting them to control restrictive business practices, attempts to make the set of

Equitable Principles a binding legal instrument run counter to fundamental notions of sovereign authority through territorial jurisdiction.

WIPO

The role played by intellectual property in the transfer of technology should not be underestimated. In the World Intellectual Property Organization (WIPO), developing countries are voicing increasing concern that the international patent system inhibits development. They point out that about five-sixths of the patents registered in developing countries are in foreign hands, and that over 90 per cent of those are never used or "worked" in their countries. In their view, intellectual property rights may serve to block domestic production while increasing the market power of foreign corporations. Developing countries therefore call for recognition within WIPO that countries with more limited technology infrastructures should not be subject to equal restraints under the Paris Convention for the Protection of Industrial Property. Exceptions and qualifications within the international patent system have been suggested.

For Canada, as I have suggested, it is clear that transfer of technology will not be enhanced unless it is in the interest of the supplier as well as the recipient to do so. Technology transfer must take fully into account the interests of technology suppliers and innovators. The transfer and licensing of technology is facilitated by the existence of industrial property rights — patents, trademarks, know-how, trade secrets — which protect the interests of the transferor of technology and ensure a financial return on the technology supplied. For this reason we have supported the positions generally taken by other Western, industrialized countries at the Conference to revise the Paris Convention.

Export controls and COCOM

Important restrictions on the transfer of technology may also be imposed by export controls. Under Canada's export control legislation, export permits are required for a wide range of strategic goods and technologies. There are over 160 main items controlled as well as hundreds of sub-items as defined in the Export Control List (ECL). In addition, most goods of US origin are controlled under the ECL. A person requires a permit to export goods identified on the ECL to all destinations, except the majority of exports to the United States. The Export and Import Permits Act creates a criminal offence for improper exports, and provides for fines up to \$25 000 and/or imprisonment for up to five years. The Department of External Affairs regularly distributes a notice to exporters, setting out in more detail requirements for obtaining an export licence.

The controls that apply to exports of strategic goods are based on national security considerations and are co-ordinated on an international basis. Canada, along with its NATO partners (except Ireland and Spain), as well as Japan, participates in an international arrangement known as the Co-ordinating Committee, or COCOM. The purpose of COCOM is to maintain multilaterally agreed on controls on the shipment of military and strategic goods and technologies to the Warsaw Pact countries and China.

Within the COCOM forum, International Control Lists are established that define goods and technologies considered to be strategic, including Industrial, Munitions and Atomic Energy Lists. These lists are used as the basis for the domestic national security controls maintained by each member country.

Since the time of our joining COCOM in the early 1950s, Canada has followed a mutually agreed on policy of embargoing the export of all military goods to destinations proscribed by COCOM in the interests of collective Western security. However, other sensitive goods, broadly defined as commercial goods with possible military applications, may be exported to a civilian consignee in those countries if it is determined that there is no strategic risk involved. This decision is taken either by the entire COCOM Committee or by the COCOM member government concerned. In those cases submitted to COCOM for review, the unanimous approval of all COCOM members must be given before the export may be approved by the government of Canada.

Canadian legislation similarly provides for strict control over the export of technical data in material form if such data relate to goods controlled under the Export Control List. Specifically, all technical data which can be used in the design, production, operation or testing of equipment and materials controlled under the ECL require export permits. The only exceptions are if the technical information is available to the public in published books or periodicals. These controls, however, do not normally extend to patent applications. Usually, the information contained in a patent application is not of a kind which the Governor in Council would deem it necessary to control for the purposes of the Export and Import Permits Act. Any security requirements that may arise in respect of such applications are specifically addressed by Section 20 of the Patents Act.

Canada-United States trade

I would now like to return to the bilateral environment. As I suggested, our international competitiveness and economic well-being is in large part dependent on our maintaining and improving our access to US markets. Canada is the only major industrialized nation in the world that does not have tariff-free access to a market of at least 100 million people. The critical importance of our major trading partner is therefore likely to continue for the foreseeable future. In recent months, there has been considerable interest in the terms of Canada-USA trade relations and the options available to enhance this trade.

Particularly in the business community, the question being posed with increasing frequency is whether Canada should be seeking to secure and enhance our access to US markets through special bilateral arrangements of one kind or another.

One possibility is a sectoral approach. Indeed, a sectoral initiative was launched, last year, with four sectors coming under review: steel, urban transit equipment, agricultural input and equipment, and computer services, or "informatics". Most of the discussions on these sectors have focused on actual and potential barriers to trade in goods, although many of the goods have a high technology component. However, "pure" technology questions, not governed by existing trade rules addressing trade in goods, are more clearly presented in the field of informatics. Both Canada and the USA recognized that the field of informatics is accordingly more complex. Both are currently exploring the subject of trade in this sector with their respective private sectors, and in the case of Canada, with the provincial governments.

Another approach to enhancing trade relations with the USA is that of a broader free trade agreement. A treaty based on this approach would be consistent with the GATT, so long as it would encompass

the bulk of bilateral trade and would provide for the elimination of tariffs and significant non-tariff barriers. Just how technology would be addressed in such a treaty is difficult to foresee. Technology aspects of informatics, for example, might be dealt with in provisions relating to services. Provisions relating to intellectual property would also have to be considered.

In sum, we are committed to considering ways to secure and expand our markets in the USA. This means continuing to look at the sectoral approach to see what it can offer. It means also examining calls from certain parts of the business community for a broader trade agreement with the USA. As my colleague, the Minister for International Trade, pointed out in his speech at Dalhousie University on November 1, 1984, there are some very large questions here. They include: the strength of our export industries; the problems of those industries which already face strong competition; the special measures of adjustment which might be needed; the constraints on certain Canadian policies, such as regional development, which might be involved; the effect on Canadian identity in any proposal for a closer relationship with the USA. Questions of transfer of technology in bilateral relations must be placed in the context of these broader considerations.

Defence development and defence production sharing arrangements

There is one area in which Canada and the United States have long been committed to encouraging bilateral technology exchange. Canada-USA Defence Development and Defence Production Sharing Arrangements, dating back almost half a century, have enabled Canada and the United States to keep to a minimum restrictions between them on the flow of high technology, including that which is militarily critical or that has a dual use. As a partner in North American defence, Canada enjoys a unique position in US export control regulations. A US manufacturer planning to export critical products or parts to a Canadian firm or to a subsidiary in Canada does not need to fulfil the general licensing requirements of the US International Traffic in Arms Regulations or the Export Administration Regulations. A new US Department of Defense Directive on the withholding of unclassified but sensitive data specifically confirms an exemption for Canada, and permits Canadian firms to be treated on the same basis as US firms in related transfers of technology. Conversely, as I mentioned, Canadian regulations contain an exemption for almost all goods and technology destined for end-use in the USA. This generally unrestricted flow of technology has served to ensure that Canada has been in a position to make a more effective contribution to the North American defence industrial base. It has also ensured the inflow of technology to Canadian companies so important to their being able to compete in international markets.

To implement fully our bilateral arrangements, the re-export from Canada of US-origin goods is controlled under Canadian legislation. Canadian officials co-operate closely with their US counterparts to ensure that Canada is not used as a conduit for the re-export of US goods to destinations to which the US would not export these goods. We are committed to ensuring that the resources we devote to the administration and enforcement of our export controls are adequate to protecting fully North American security interests.

National measures — antitrust

Finally, let me touch briefly on a series of national measures that also form part of the international environment for transfers of technology.

First, to return to the subject of restrictive business practices for a moment, a government's interest in providing limited monopoly or exclusive rights to intellectual property may come up against its interest in promoting competition. Intellectual property rights may be used in furtherance of market position. Many countries have responded, through the use of competition legislation, to restrain possible abuses of market power evidenced by terms or conditions in the transfer of intellectual property rights that unreasonably allocate markets, control re-exports or foreclose competition.

The conflict between intellectual property laws and competition laws may be more apparent than real, however. Both sets of laws have similar aims — to spur enterprise and innovation. Patent laws, for instance, achieve this goal by rewarding inventors with a limited exclusive use of inventions. Competition laws achieve the same end by preventing artificial restrictions of competition. In Canada and the United States, the notion of "patent misuse" denies relief against infringement where the patentee has sought to expand his monopoly right beyond the scope of the patent in a manner that unduly restrains competition.

Further, in the field of technology, certain antitrust measures themselves are considered by some as being anti-competitive. The best-known example of relaxed application of antitrust laws to research and development is the joining together of US firms in a major effort to produce the fifth generation "thinking" computer in competition with the Japanese. Firms increasingly see the need to form joint ventures to share technology, to engage jointly in research and development, manufacturing, resource exploration and sales and distribution. I note with particular interest that during the last days of its last session, the US congress passed the National Co-operative Research Act of 1984, changing the antitrust rules applicable to certain research and development ventures.

Export control legislation

I have devoted considerable time already to the impact of Canadian export control laws on the transfer of technology. Our luncheon speaker, Congressman Bonker, will speak in some detail on prospects for renewal of the US Export Administration Act. While I do not wish to dwell on the subject, I would like nonetheless to spend a few moments to outline long-standing Canadian concerns over provisions in the proposed legislation that would authorize the application of US foreign policy and national security controls in an extraterritorial manner.

Proposals that were before the House and Senate would have reasserted US authority to control the export activities of foreign subsidiaries of US multinational enterprises and nationals residing abroad, as "persons" subject to US jurisdiction. These proposals also reasserted the authority to control the export or re-export of US origin goods and technology, potentially including foreign-produced goods derived from US technology, even if in the possession of foreign licencees or others who are not subject to US jurisdiction.

In our view, under generally accepted principles of international law, corporations which are nationals of Canada and which produce goods and services in Canada are subject only to the laws of Canada in respect of their exports to third countries. Assertions of authority which displace Canadian jurisdiction

over multinational enterprises incorporated in Canada in respect of their activities in Canada are an unacceptable intrusion into the foreign commerce and other sovereign interests of Canada.

Particularly in the light of a number of factors that I have already mentioned, there would seem to be little need for preserving authority to assert such extraterritorial jurisdiction. Canada shares with the United States a common interest in effective controls for national security reasons; we co-operate closely on COCOM in developing more effective multilateral controls of strategic goods. Our bilateral arrangements ensure that exports of strategic goods and technology, including those of US origin, are controlled under Canadian law. We are continuing and seeking to enhance our co-operation in the administration and enforcement of our respective export control laws. I would hope that Congress takes fully into account Canadian and other foreign governments' interests when it once again considers proposals for renewal of the Export Administration Act. Such consideration is not merely good neighbourliness; it is a policy commitment endorsed by the USA and all other OECD countries as a means of avoiding or minimizing problems that may be caused by the imposition of "conflicting requirements" on multinational enterprises. In such situations, moderation, restraint and co-operation as an alternative to unilateral action are called for.

Incoming investment

Before concluding, I would like to touch upon one other type of national measure that affects transfer of technology — review of foreign investment. Foreign ownership in Canada presents both challenges and opportunities to encouraging a higher degree of technological innovation and research and development (R&D) among Canadian enterprises. While some multinational enterprises suggest that there are advantages in concentrating the R&D function largely in one place on the basis of factors relating to external economies and economies of scale, foreign-controlled enterprises in Canada have spent considerable sums in purchasing technological innovation from their parents. Canada has clearly benefited from these intra-corporate transfers of technology. We must still encourage domestic innovation, however, to maintain our international competitiveness and export performance.

What can be done? We must maintain a healthy over-all investment climate. As you know, the government has announced its intention to revise the foreign investment review process, both to attract more investment and to reduce the scope of review.

Beyond this, we must maintain a healthy economic and fiscal climate for the pursuit of R&D in Canada. Studies maintain that the Canadian environment, particularly including our incentive program, is very competitive. All firms in Canada, foreign and domestic, can respond to the opportunities. In respect of foreign firms, both the OECD Guidelines for Multinational Enterprises provided in your materials and the guidelines promulgated by the federal government in the mid-1970s encourage corporations to develop, as an integral part of their Canadian operations, an autonomous capability for technological innovation, including research development, engineering, industrial design and pre-production activities.

Conclusion

In conclusion, this detailed review of the multilateral, bilateral and national environment within which technology transfers occur suggest some basic questions that we might all keep in mind throughout today's discussions.

First, how might we best ensure the liberalization of trade, and expand the coverage of trade rules, so as to promote the international transfer of technology?

Second, how might we best secure and expand our access to US markets?

Third, what national measures best promote the international competitiveness of Canadian firms engaged in the development and transfer of technology?

Fourth, and most challenging for lawyers perhaps, given the proliferation of declarations, non-binding codes, multilaterally upon agreed policy commitments, and the like, what is the legal status and effect of such pronouncements? Is the line between law and policy a clear one?

Answers can only come through expanded collaboration between business and government on the one hand, and between federal and provincial trade ministers on the other. Today's program is an important opportunity to extend communication between the private sector and government. I invite you to join in this dialogue, and to stay involved, as we choose new directions in the development of our trade policy in this most challenging international environment.

